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NEWS SUMMARY

GENERAL

Human error led to prison escape

Human error led to the escape of three prisoners from a high security block at Brixton Prison in December, Home Secretary William Whitelaw told the Commons.

The prison governor, Michael Selby, accepted primary responsibility. A new governor had been appointed.

The escaped men included Gerard Tuite, who is accused of conspiring to cause explosions. Parliament Page 10

Foot sees Three

Labour's Gang of Three still seemed on course to leave the party despite a renewed attempt by Michael Foot to stop them. Back Page

Reagan pledge

President Reagan promised South Korean President Chun Doo-Hwan the U.S. would not reduce the level of its troops in South Korea or the Pacific.

Shuttle postponed

The launch of the first U.S. space shuttle, already three years behind schedule, will be moved back at least a month from March 17.

Water talks

Union officials and employers in the water industry met last night to try to avert industrial action over pay.

Times hitch

Times Newspapers' union officials told negotiators for Rupert Murdoch they would not accept compulsory redundancies. Page 8

Paper relaunched

The Sowetan, former weekly companion to two black South African papers which closed when threatened with banning, started publication as a daily.

More China trials

Mao Tse-Tung's nephew and 12 former senior military officers are to face trial in the continuing purge of radicals.

Fined for assault

Two brothers who assaulted Stephen Hickling, the former policeman injured in a London bomb blast, were each fined £200 in Bromley and given suspended prison sentences.

New Archbishop

Pope John Paul appointed as Archbishop of Paris Jean-Marie Lustiger, whose parents were Polish Jews and whose mother died in Auschwitz. Men and Matters, Page 16

Stately home raid

Burglars took paintings and valuables worth £30,000 from Grimsthorpe Castle, Lincs., home of the Earl of Ancaster.

Spider bite cure

Australian doctors used an anti-venom for the first time to save a victim of the funnel web spider, whose bite can kill in 15 minutes.

Drink 'no crime'

Drunkenness should cease to be a crime, and people who commit crimes mainly because of drink should not be jailed, the Magistrates Association told a Commons committee.

Small beer

Beer production fell 3.8 per cent last year to its lowest level for five years. Page 6

Briefly . . .

Railway worker, 57, died after being hit by a train in Belfast.

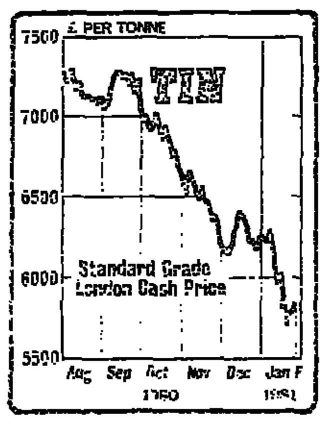
Detectives were investigating two attacks on unoccupied homes in North Wales.

BBC bought MGM's Gone With The Wind for £4.4m. Page 6

BUSINESS

Cash tin off £30; equities add 1.3

- EQUITIES improved, influenced by increased optimism about a cut in MLR. The FT 30-share index rose 1.3 to 467.6. Page 28
- GILTS were steady, with the Government Securities Index up 0.05 at 69.26. Page 28
- STERLING fell 1.80c to $2.3490 in London. Its trade-weighted index (base average 1975=100) was 104.0 (105.2). Page 23
- DOLLAR closed at DM 2.1205 (DM 2.1320) and Y203.1 (Y206.7) in London. Its trade-weighted index (base average 1975=100) was 98.6. Page 23
- GOLD fell $10 an ounce to $496.5 in London. Page 23
- CASH TIN closed £30 down at £5,845 a tonne, depressed by the fall in gold and lack of new consumer buying interest. Markets wait for Reagan: Page 16; Commodities: Page 27



- WALL STREET was down 15.19 at 932.08 near the close. Page 26
- BIG GOLD INFLOWS into the London bullion market last year made the UK a net importer of the metal for the second year running. Page 7
- POLAND'S largest investment projects involving Western companies will go ahead despite a government freeze on 49 major industrial investments, officials said. Back Page: Solidarity accused Page 2
- SRI LANKA will seek up to £174m in commercial credits this year if the International Monetary Fund fails to resume lending to it. Page 3
- ITALIAN GOVERNMENT is being taken before the European Court of Justice for allegedly breaking EEC free trade rules by acting to curb steel imports. Page 4
- CHRYSLER'S United Auto Workers Union employees approved a tentative agreement granting concessions needed by the company to obtain new Federal loan guarantees.
- MAJOR UK BANKS have agreed on a common computerised payment system which will mark the dawn of electronic banking in Britain.
- COMMERCIAL BANK OF WALES has been told by the Bank of England that it cannot describe itself as a bank. Back Page
- NATURAL GAS worth up to £380m is being wasted each year in the UK sector of the North Sea — by being flared into the atmosphere because of the lack of suitable pipelines. Page 6
- BRITISH SHIPBUILDERS may be forced to cut capacity further in its merchant ship building yards unless orders increase soon. Back Page
- VIBROPLANT HOLDINGS, plant hire services group, reported pre-tax profits down from £2.07m to £1.35m for the half year to September 30. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 7¾% '85-88	£78¼	+ ⅞
Anglo-Amer Asphalt	37½	− 7½
Assoc. Leisure	126	+ 5
BPC	19	+ 4
Bambers	61	+ 4
Barratt Develop.	167	+ 7
Centreway Trust	105	+ 15
Clark (M.)	135	+ 7
Crosby House	145	+ 5
English Assoc.	458	+ 21
GKN	142	+ 6
Haden Carrier	196	+ 6
Jamaica Sugar	37	+ 3
Ladbroke	258	+ 9
Lonrho	102	+ 5
Lookers	45	+ 4
Milford Docks	125	+ 12
News Inter.	95	+ 5
Prince of Wales Htls	81	+ 18
Strata Oil	182	+ 26
FALLS		
Barclays Bank	394	− 11
Barget	140	− 5
Broken Hill Prop.	690	− 35
Fisons	122	− 5
Lesney	16	− 3
Lloyds Bank	326	− 14
Muirheads	98	− 5
Robertson Foods	148	− 8
KCA	166	− 9
Woodside	134	− 11
Ashton Mining	105	− 7
Gold Fields of S.A.	£23[illegible]	− 1¼
Kitchener Mining	165	− 10
North Broken Hill	152	− 8
Poseidon	218	− 6
RTZ	377	− 6

Sign that financing of State industries may be relaxed

BY JOHN ELLIOTT AND GUY DE JONQUIERES

THE FIRST sign that the Government is prepared to relax some of its tightly-drawn rules for financing nationalised industries will emerge today when a new form of funding is proposed for British Telecom.

An amendment is to be spelt out for the British Telecommunications Bill now passing through Parliament which will allow the industry to borrow direct from financial institutions, subject to Ministerial approval, instead of from the Government-controlled National Loans Fund.

The Department of Industry would like the industry to be able to borrow on its own guarantee outside its annual external financial limit, which is tied to the public spending borrowing requirements.

But it was not clear last night whether today's initiative, to be announced during the Committee stage of the Bill by Mr. Kenneth Baker, Minister of State for Industry, would provide for such freedom.

The initiative will be regarded as a useful though inadequate step forward by chairmen of nationalised industries, who have been complaining to Ministers that their future investment plans are unreasonably curtailed by external financing limits set for the coming financial year.

British Telecom, which is being hived off from the Post Office by the Bill, has been recognised as a special case for some time by Sir Keith Joseph, the Industry Secretary, and by other Ministers because of its need to invest quickly in new technological developments.

It has pleaded with the Government for more than a year for its financing restraints to be released on the grounds that it is a profitable nationalised industry operating in a growth sector.

It would like to be able to borrow some £300m more than its £180m external financing cash limit for 1980-81 if it is to fund its ambitious investment programme.

Today's announcement is intended to pave th way for at least some of this increased investment, and the Government is also likely to stress that British Telecom can negotiate joint ventures with the private sector to open up new sources of finance.

This idea was first floated last summer, but no firm projects have yet been announced.

Usually nationalised industries have to use the tightly controlled National Loans Fund for their borrowing in the UK, though some can borrow abroad subject to certain restrictions.

A working party set up last year between the Treasury and the chairman of nationalised industries proposed that this should be relaxed.

But British Telecom must gain the approval of both Sir Keith and the Treasury when it wants to use the new concession.

Sir George Jefferson, British Telecom chairman, has already won the support of Sir Keith, for a proposal to spend £2bn in 1981-82 on expanding and re-equipping the network.

This is a substantial increase on the £1.5bn which it will invest in the current year, and which British Telecom has been able to finance only by raising its tariffs sharply. In spite of the increases British Telecom reported a £19m loss in the first half.

The organisation recognises that the scope for raising its charges still further is limited in a recession. Already there is evidence that large numbers of subscribers suspended telephone service after the last increase in November.

Soviet tanks for Iraq could tip Gulf balance

BY OUR FOREIGN STAFF

IRAQ IS receiving supplies of Soviet-type battle tanks from Eastern Europe, to make up for losses during the four-month-long Gulf war.

The tanks are being shipped through Saudi Arabia to get them into action as soon as possible and to evade detection.

Western analysts feel the balance of the war could be tipped by the deliveries and by France's decision over the weekend to go ahead with sales of Mirage F-1 combat aircraft to Iraq.

Up to 100 T-54 and T-55 tanks, thought to be from Warsaw Pact stockpiles in East Germany and Poland, have been delivered over the past two weeks. More are thought to be on the way. Intelligence reports about these deliveries have reached both Washington and London over the past week.

The weapons ships have been unloading at small, little used ports on Saudi Arabia's Red Sea coast rather than the heavily congested Jordanian port of Aqaba, on which Iraq relies for most of its imports.

From ports such as Rabegh and Dhuba the tanks are taken 930 miles by road to the Iraqi border.

Iraq has over a thousand Soviet tank transporters and these must be making a regular shuttle along the desert road through Saudi Arabia.

The tanks went into service in the mid-1950s but are still in use in the Soviet-bloc and Third World, in some cases as front-line weapons.

Up to now, all the major weapons manufacturing countries have observed a tacit pact not to become involved in the conflict to any significant extent. However, there has been a regular flow of spare parts and ordnance to both Iran and Iraq from countries such as Brazil and North Korea as well as through international middlemen.

Britain has received a number of indirect requests from Iran for urgently needed defence equipment, especially Chieftain tank power units and parts for the Scorpion light tank.

In reply, Whitehall has made it clear that the question cannot be considered until relations improve, which would include the release by Tehran of the four British detainees. An obligation to be even-handed and Britain's declared neutrality in the war are also cited as obstacles to meeting Iran's requests.

A wide-ranging review of the whole question with its broader strategic and commercial implications is under discussion in Whitehall. A decision on Britain's policy should be reached later this week.

Britain is also believed to have received enquiries from Iraq about the possibility of purchasing Rapier anti-aircraft missiles. The Rapier is in service in Iran, although it is not thought to have been used to effect during the war. Iraq's anti-aircraft defences consist entirely of Soviet-supplied SAM missiles.

Norvic may call in receivers

BY ANDREW FISHER

NORVIC SECURITIES, a leading High Street shoe company, will have to call in receivers this week if it is unable to raise the extra finance its bankers have declined to provide, it said.

Mr. Charles Metcalfe, Norvic's chairman, said losses in the second half of 1980 totalled some £2.25m after a total reorganisation and the closure of two factories. In 1979, the last year for which full figures are available, Norvic had sales of £16m.

The company has asked its bankers, Barclays, for extra temporary finance of £750,000—against present borrowing facilities of £2.9m—to cover stock for the pre-Easter period.

Mr. Metcalfe added: "Our bankers are worried about the future of the UK shoe industry and have said, with regret, they will not make any further advances."

In the first half of 1980, Norvic made a loss of £900,000 and indicated that the second six months would show a similar deficit.

Mr. Metcalfe said that after a full investigation by their own investigating accountants, Norvic's bankers had given it until the end of the week to indicate how it could raise the extra money.

"In the event that we cannot do so, they would expect us to ask them to appoint their receiver," he said. Last year, Norvic cut its workforce from nearly 2,000 to around 1,100.

This meant, said Mr. Metcalfe, that Norvic was looking for a temporary cash injection of just under £700 per job. The company's cash flow projections showed that the amount requested from its bankers could have been repaid this year.

He said Norvic's employees had volunteered a pay freeze until March, 1982. Reorganisation measures had taken more than £5m a year from Norvic's operating expenses "and have very substantially reduced our break-even point."

Without further financial support, Norvic's reorganisation efforts could not be tested or proved. He said interest payments of more than £1m in the past three years had been paid.

Norvic said last September that it had set up a smaller men's shoe manufacturing unit at Norwich as its Northampton plant was due to close. At the same time, losses at the Mansfield women's shoe factory were continuing as a result of the firm pound and the UK recession.

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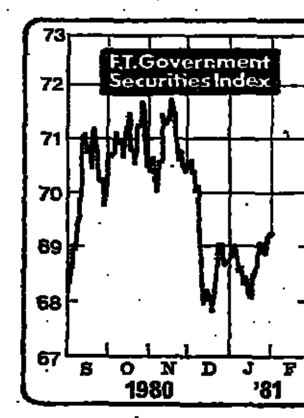
For latest Share Index phone 01-246 8026

Gilts sell on hope of MLR cut

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LARGE AMOUNTS of gilt-edged stock were sold yesterday as City hopes of an early cut in Minimum Lending Rate rose and money market interest rates fell further.

Both the 12 per cent Exchequer convertible 1985 and the 3 per cent Treasury 1985—for high taxpayers—were quickly sold out in the morning. The Government Broker also sold the long-dated 1999 stock for the first time since its issue more than three weeks ago.



These sales mean that the Government has arranged funding of well over £1bn in the last week, some to be received in later payments. This will have a favourable influence on the mid-February money supply figures to be published on Budget day, March 10.

In cash terms, dealers estimate that more than £200m was sold yesterday.

The strong demand for stock is based on hopes of a fall in interest rates. Speculation has been further fuelled by the Prime Minister's optimistic comments in her television interview on Sunday.

The three-month interbank rate—a key influence on the cost of part of the clearers' deposits—yesterday dropped by a further ¼ of a point to 13 7/16 per cent, compared with 14¼ per cent 10 days ago.

This decline points to a fall in MLR from the present level of 14 per cent, though the timing is still uncertain. The choice appears to lie between Budget day and either this Thursday or the next. The mid-January banking figures will be known to the Government towards the end of this week, and there was talk in the City yesterday about an early move of perhaps one point.

These large sales of stock have limited the rise in gilt prices and yesterday early gains of £½ were reduced to no more than £¼ by the close. The 1985 convertible was sold out at £40¾ in its partly-paid form, while the Government Broker supplied the 1999 loan at £20⅛ before withdrawing.

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Sterling falls 1.8c as foreign exchanges react

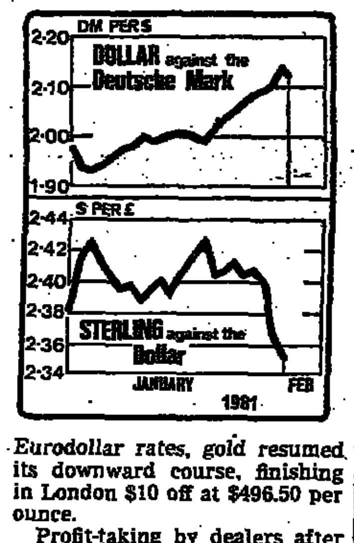
BY DAVID MARSH

STERLING FELL 1.8 cents against the dollar yesterday to close in London at $2.3490—its lowest level for six weeks—as expectations grew on the foreign exchanges that Minimum Lending Rate might be cut soon.

The pound also lost ground against the Deutsche mark and other Continental currencies, which turned in a slightly stronger showing against the dollar after their sharp falls last week.

The dollar closed in London at DM 2.1205, compared with Friday's DM 2.1320, although it firmed sharply from the low reached earlier on in the day of DM 2.0850.

The dollar's underlying drop was triggered by anticipation that U.S. interest rates—which have been the main prop for the currency in recent weeks—will ease following last week's announcement of a fall in the U.S. money supply figures.



In spite of a further drop in Eurodollar rates, gold resumed its downward course, finishing in London $10 off at $496.50 per ounce.

Profit-taking by dealers after heavy selling pressure of last week helped the D-Mark move from its intervention floor

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Subsidy 'threat' to steel group

BY RHYS DAVID

MANCHESTER STEEL, the private sector producer, has warned the Government and the EEC that it may be forced out of business by subsidised competition from European state-owned groups, including the British Steel Corporation.

The company, part of the Norwegian Elkem group, is operating at only 50 per cent capacity and is losing about £3m a year.

Mr. Hans Sundt, Manchester Steel's managing director, claimed yesterday that each tonne of steel was being sold at a loss of £20 because BSC and similarly placed groups on the Continent were able to draw on public money to undercut prices of some products by as much as £40.

Today Sir Keith Joseph, Industry Secretary, is to meet Mr. Eric Sayers, chairman of Duport, another private sector steelmaker which is making heavy losses. Duport has been having talks with the Department of Industry over Phoenix II, the broad-ranging discussions designed to integrate all private and public steel manufacturers in Britain.

Manchester Steel, which has invested £2m at its Manchester wire rod plant over the past year, is arguing that Government subsidies in the UK and on the Continent should be used to bring about the closure of uneconomic plants and not to reduce prices.

Mr. Sundt said: "The effect of this selling below cost is to kill off a company like ours. The market is bad because of the recession and on top of that we cannot go out and take a share of what is left at a price that will allow us to survive."

But Mr. Sundt stressed that the company was in no imminent danger of closing and that jobs were not threatened.

The company could not go on for ever at the present rate of losses, however. "There is a danger there will be no private sector left," he warned.

The company employs 850 people and has already been forced to introduce short-time working. Because of this and the loss of overtime and bonus rates, take-home pay has dropped in some cases by £50 from the same period last year. Management staff have also offered to take a 5-10 per cent pay cut.

Mr. Sundt also complained yesterday about high energy charges in the UK. Manchester

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W. German unions back nuclear development

BY ROGER BOYES IN HAMBURG

WEST GERMANY'S trade unions have come out strongly in favour of building an atomic power station at Brokdorf, near Hamburg. Their decision could sway the current heated debate about the future of the country's nuclear energy programme.

The Hamburg branch of the Social Democratic Party met last night to consider whether the Hamburg electricity utility should withdraw its 50 per cent stake from the planned power station at Brokdorf, which is to be built in the neighbouring state of Schleswig-Holstein. While the final decision rests with the Hamburg Senate (government), it is not expected to go against the line of the party.

Hamburg's Social Democrat Mayor, Herr Hans Ulrick Klose, has been leading resistance to Brokdorf which, with other leading party figures in Hamburg, he sees as a symbol of resistance to the spread of nuclear energy.

Thus statements of support for Brokdorf both from Herr Eugen Loderer, head of the powerful IG Metall, metal-workers' union, and from the Hamburg branch of the German trades union federation, are likely to have great influence on the non-committed Hamburg members among the 380 Social Democrat delegates. The unions argue that hundreds of jobs would be lost if the power station is not built.

Last night delegates were saying privately that if the final vote was held by a show of hands then it would go against Brokdorf. "With local and international television here, we don't want to show our party members that we are going soft on nuclear power," one delegate said.

However, given a secret ballot and the explicit support of the trade unions some senators were convinced that the vote would go in favour of Brokdorf and thus implicitly against Herr Klose.

Meanwhile some 6,000 left-wing demonstrators besieged the small trade union hall where delegates considered the arguments for and against nuclear power. Police who feared last night that the demonstration could explode into a riot, were taking strict precautions including a virtual ban on traffic in the centre of the city and the deployment of over 3000 police and special border troops.

Hamburg's Quixote defies centre

BY ROGER BOYES

HERR HANS ULRICH KLOSE, Mayor of Hamburg and enfant terrible of West Germany's Social Democratic Party, has, like Don Quixote, made a career out of tilting at windmills.

He has fought neighbouring Christian Democrat-run states over commercial television, he has kicked out at Bonn over the right of political radicals to become civil servants and, after each tiff, has emerged a little bloodied, a bit baffled, but still in control of the Hamburg government.

Now, however, it seems that Herr Klose has chosen too formidable an opponent—he is challenging almost single-handedly the direction of Bonn's future energy policies, at a time when those policies appear crucial to the future health of the economy.

Herr Klose, at 43 by far the youngest leader of a city state, last night started to persuade Hamburg's SPD to vote for the city's withdrawal from the planned nuclear power station project at Brokdorf.

Herr Klose presented a 48-page document to his party colleagues outlining why he felt that Brokdorf was unnecessary. Hamburg already draws 30 per cent of its electricity from nuclear power stations and if Brokdorf eventualy comes on stream in 1987, the port will be 70 per cent dependent on nuclear power for its electricity.

Herr Klose, backed by his Environment Minister and leading SPD members in Schleswig-Holstein, feels that this is too high a proportion. The need for Brokdorf, he argues, is predicated on an unrealistic assessment of electricity usage over the next 10 years.

The Social Democrat-Free Democrat ruling coalition in Bonn, however, has come to regard Brokdorf as something of a symbol of its ability to push ahead with a policy of diversifying away from oil as Germany's primary energy source. The Government wants to increase the importance of atomic power from its present modest 3.6 per cent share of total energy supplies.

There are 14 nuclear plants in operation in Germany, but nine are still waiting for construction permits, delayed in some cases by several years because of anti-nuclear appeals lodged in the courts by ecological groups.

The problem now facing the federal Government is simply stated. If the Hamburg SPD rejects Brokdorf, Bonn's nuclear policy will lose in credibility. Moreover, rejection would also lay Bonn wide open to criticism from the Christian Democrat opposition and would probably undermine international confidence that Germany can quickly reduce its current account deficit, which, swollen by a huge oil bill, reached some DM 30bn (£6bn) last year.

Yet, if the Hamburg SPD approves Brokdorf, Bonn will have been instrumental in weakening, probably irreparably, the position of Herr Klose. If Herr Klose resigns, Bonn will be faced with a second provincial government crisis in as many weeks. The recent political upheaval in West Berlin forced Chancellor Helmut Schmidt to sacrifice his talented Justice Minister, Herr Hans Jochen Vogel, so as to allow him to become Mayor of Berlin.

The right wing of the Hamburg SPD, already disenchanted with Herr Klose, would like the Chancellor to make a similar sacrifice on behalf of Hamburg and send Herr Hans Apel, the Defence Minister, to be mayor. But the Chancellor cannot go on bleeding his Cabinet to bolster up flagging regional outposts.

Bonn firm against devaluation

BY JONATHAN CARR IN BONN

WEST GERMANY plans no devaluation of the Deutsche Mark within the European Monetary System, nor does it expect any early changes in the central rates of other participating currencies.

Officials made this clear yesterday following the unrest last week in the EMS, when the Deutsche Mark hovered around its lowest permitted level and the French franc was riding particularly high.

The officials stressed that a mark devaluation was considered highly undesirable for domestic reasons, as it would increase West Germany's imported inflation. That is already felt to be quite difficult enough, in view of the strength of the dollar, in which oil is priced.

It is also believed to be highly unlikely that Germany's partners in the EMS, not least the French, would be ready to agree to a devaluation, which would make German exports still more price competitive.

It is pointed out, for example, that West German exports to France rose by 16.3 per cent in the first eleven months last year, markedly increasing the German bilateral trade surplus. German exports to EMS-member Italy rose in the same period by 22.3 per cent.

It is understood that the EMS will be among matters discussed during the regular Franco-German summit consultations being held in Paris on Thursday and Friday. But a major package of new measures to bolster the mark or to stabilise the franc is not expected.

The West Germans make clear that a cut in French interest rates—which are markedly higher than those in the federal republic—could help prevent new tensions by making the franc a less attractive potential investment for present Deutsche Mark holders.

But they also recognise that this would not help France's own anti-inflationary efforts and the step is not felt to be likely so close to the French presidential election in the spring.

Privately, officials in Bonn express satisfaction both at the strength of the franc and at the apparent determination of the French Government to continue with its domestic stability efforts.

Bonn feels that French membership of the EMS has helped M. Raymond Barre, the Prime Minister to maintain a tougher anti-inflationary stand in domestic policy than would otherwise have been the case.

It is also pointed out that despite recent tensions involving the Deutsche Mark and French franc, the two currencies have remained relatively stable for a long period marked by major fluctuations of other key currencies including the U.S. dollar and the yen. To this extent the EMS has been fulfilling its aim.

In the longer run, the West Germans see their key tasks as reducing their inflation, now at an annual rate of 6 per cent, and cutting the current account deficit. If these fundamentals are seen to be improving, then it is believed that the West German currency will strengthen too.

APM threat to sue over oil search rights

By Hilary Barnes in Copenhagen

DENMARK'S Government will face a demand for compensation worth several billion pounds if it goes ahead with plans to deprive the AP Moeller group of exclusive rights to search for and exploit hydrocarbons in the Danish areas.

This has been stated by Mr. Bjarne Fogh, APN director, after the Government put forward three Bills to change the terms of the APM concession.

The Government claims that it is undertaking a "regulation of publicly licensed commercial activity" and that it is not carrying out an expropriation within the meaning of the constitution. The constitution states that expropriation must be compensated in full.

Mr. Fogh has made it clear that APM and its partners in the Danish Underground Consortium (Shell, Texaco and Standard Oil of California) do not accept the Government view and will pursue a compensation claim through the courts.

The three Bills will deprive APM of all areas in which it has not yet found hydrocarbons, force APM and any future licencee to land all oil found in the North Sea through a state-owned pipeline, and make them sell 50 per cent of all oil to a government agency.

A bill laying down the terms on which other companies will be permitted to explore will me presented in the autumn.

Mr. Fogh declined to speculate on the size of a possible claim for compensation, but the Government has previously suggested that the consortium's earnings, if the terms of its concession are not changed, could be of the order of Kr 100bn (£7.8bn) to Kr 300bn (£23bn). The chief economist of the metalworkers' union has warned the consortium that the union might sue for Kr 50bn to Kr 100bn.

APM was granted a 50-year exclusive concession in 1962, which was revised by mutual agreement and reaffirmed in 1976.

Portugal 'lame ducks' up for sale

By Diana Smith in Lisbon

PORTUGAL'S financially-troubled public sector will receive no more than Es 28bn (£233m) this year in aid from the Government.

The sector includes hundreds of companies operating in agriculture, transport and industry, nationalised during the 1975 Revolution. Their persistent operating losses have swollen the budget deficits of past Governments, and the present Administration is determined to end this problem.

About 100 of the worst "lame ducks"—including 16 in the food and drinks sector, 20 in chemicals, six in textiles and clothing, six in wood, furniture, cork and ceramics, seven in building materials, nine in services, and 13 in the wholesale and retail trade—in which the state holds shares, are up for sale.

Since mid-1980, state-run companies in financial difficulties have been obliged to draw up feasibility contracts with their creditors, under which they undertake to improve management and tackle accounting methods more rationally.

Reuter adds: Inflation in Portugal rose by 2.9 per cent in December, its biggest leap for any month in 1980, because of price increases for fuel, transport and food, according to figures released by the National Institute for Statistics yesterday.

Juan Carlos visits Basques today

BY ROBERT GRAHAM IN MADRID

Juan Carlos: military opinion defied

KING JUAN CARLOS of Spain begins an historic three-day official visit to the Basque country today, which he has refused to postpone despite an unresolved Government crisis in Madrid. This will be the King's first visit to the region since he assumed the throne in 1975.

In the past he has been dissuaded from a visit there either by his security advisers or Sr. Adolfo Suarez, the outgoing Prime Minister. The trip is seen as a major effort at reconciliation between the Spanish state and the Basque people.

The importance the King attaches to his stay in the three Basque provinces has been underlined by his insistence that the resignation of Sr. Suarez should not influence the schedule.

The highlight of the trip will be the King's visit to Guernica, near Bilbao, the historic cultural capital of the Basque region.

Here, before an oak tree in front of the ancient Basque Parliament building, the Kings of Spain traditionally received the allegiance of the Basque people.

The Basques have always insisted that their former autonomy statutes, known as Fueros, were directly with the Crown. In preparation for this visit, the Basques have sought to deal directly with the King, rather than through the Prime Minister, as envisaged under the constitution. This is reported to be one of the reasons contributing to Sr. Suarez' resignation.

It is widely expected that the King will offer some form of pardon to specified members of ETA, the militant Basque separatist organisation, as a gesture of reconciliation.

The visit has been strongly opposed by elements within the armed forces. They regard the King as ill-advised to "pay court" to the Basques, and have warned against any form of pardon.

Left-wing groups inside the Basque country, sympathetic to ETA, have criticised the visit as "meaningless" and designed to lull the Basques into believing that real concessions have been made to their autonomy demands. Security has been tightened to ensure against any terrorist attack during the visit.

The timing of the visit has, without doubt, been carefully chosen. Agreement has now been reached between Madrid and the Basque Government on the principles, and some details, of financial autonomy.

Madrid has also conceded the Basques' right to its own internal police force to work alongside the national police and Civil Guard.

For the past four months, the Government has had its own representative in the Basque country—Sr. Marcelino Oreja, former Foreign Secretary, who retains Ministerial rank. Sr. Oreja has worked hard to promote a dialogue between the central Government, the King and the Basques.

Perhaps more important, there have been strong hints of secret indirect contacts between the Government and members of ETA.

Reuter adds from Madrid: King Juan Carlos has postponed a week's trip to the U.S. due to have begun on February 9, the Spanish Foreign Ministry announced yesterday. The visit will be made when the Madrid Government crisis has been resolved.

Solidarity accused of coup plan

BY LESLIE COLITT IN BERLIN

EAST GERMANY has launched a powerful propaganda attack against the Solidarity independent trade union movement in Poland while remaining silent about the latest agreement reached between Solidarity and the Polish Government.

The Cammunist Press in East Germany condemned the union for allegedly trying to "stage an anti-Communist coup d'etat in Poland."

East Germany and Czechoslovakia have ben in the vanguard of Warsaw Pact attacks on the Polish union. But this time the East Germans took aim at the Polish Communist party for negotiating with Solidarity on the union's terms.

East European officials here said East Berlin regards the compromise reached in Warsaw between Mr. Jozef Pinkowski, the Prime Minister, and Mr. Lech Walesa, the Solidarity leader, as "capitulation" by the Polish Government.

All national newspapers in East Germany carried identical East German News Agency despatches from Prague, Moscow and Budapest containing sharp attacks on Solidarity by the Communist party newspapers and news agencies of those countries.

The Czechoslovak newspaper, Rude Pravo, accused Solidarity of trying to overthrow the Polish Communist party. The East German Press also quoted Tass, the Soviet news agency, which accused Solidarity of using "blackmail, threats and provocations" and of "increasing anarchy by raising impudent political demands."

The Soviet Government newspaper, Izvestia, was quoted as saying that Solidarity's leaders are on a political and economic "confrontation course" and that the union's "anti-Socialist face" is becoming increasingly clear.

The East German Press barrage is believed to be aimed at exerting the greatest possible pressure on the Polish Government to crack down on Solidarity's leadership. The hard-line Communist countries would greatly prefer this solution to outside military intervention.

Paul Lendvai in Vienna adds: The Hungarian party paper, Nepszabadsag, has commented in detail for the first time on the "dangerous increase of tension," and "massive violations of public order" in Poland. An article by the paper's foreign editor accused the organisers of strikes "of irresponsibly playing with the fate of Poland."

Norway expects first woman PM

By Fay Gjester in Oslo

Norway's troubled Labour Government seems likely to have a woman Prime Minister —the country's first—before the weekend, following the resignation for health reasons of Mr. Odvar Nordli.

The final choice will be made today by the party's national executive. Yesterday, however, it already seemed certain that the job would go to Mrs. Gro Harlem Brundtland, 42, Labour's vice-chairman and a former Environment Minister.

She is tipped to win because of her popularity with voters generally and with Labour's rank and file in particular —despite the fact that many of the movement's top people would have preferred the other main candidate, the present Minister of the Environment, Mr. Rolf Hansen.

Mr. Hansen, who is 61, has greater experience and authority but Mrs. Brundtland is thought to have a better chance of leading her party to victory in the general election in September.

The outgoing Prime Minister, who is 53, has led the minority Labour government for five years and has had to take his share of the blame for the party's internal squabbles and its poor showing in elections and opinion polls.

Walesa on moderation mission

BY OUR FOREIGN STAFF

MR. LECH WALESA and other leading lights of the Polish independent trade union movement left Warsaw yesterday in an attempt to damp down continuing strikes in the provinces.

The mission, which followed the weekend compromise with the Government over Saturday working, took Mr. Walesa to the province of Bielsko Biala, near the Czech border, where all major enterprises and transport have been at a standstill for a week.

The strikers are demanding the dismissal of local officials they accuse of corruption. Solidarity, however, the main independent union, is anxious to stop such disruption. "We want to stop these anti-corruption strikes," one official said, "otherwise the whole country would have to go on strike."

Another union leader, Mr. Andrzej Gwiazda, flew to Rzeszow, to help out with delicate negotiations between officials and restive farmers demanding recognition of Rural Solidarity.

The Independent unions cancelled a one-hour national strike planned for today in the light of agreement on Saturday working, concessions on union access to the media and signs that the Government was softening its resolute opposition to a union for private landowners.

Trybuna Ludu, the official Communist party paper, said in an editorial yesterday that the agreements "prove there were people in the union leadership favouring reasonable compromise. Broad masses of the Solidarity membership have displayed considerable goodwill."

Mitterrand resists Communist pressure

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist party has refused to give an advance undertaking on Communist participation in the government in the event of a victory by M. François Mitterrand, the Socialist candidate, in the presidential election in the spring.

As in previous presidential and parliamentary elections in France, the sensitive problem of the possible appointment of Communist Ministers to the Government has once again become one of the main issues in the campaign.

After a long period, during which M. Georges Marchais, the Communist leader, conducted a vehement campaign against the Socialist party and its leader, M. Mitterrand, the Communists recently changed their tactics.

Following a meeting of the party's central committee on January 12, at which Socialist successes in recent by-elections were analysed, M. Marchais announced that a genuine change in the country's affairs required the presence of Communist Ministers in the Government.

Their demand that M. Mitterrand should adopt a firm position on this matter placed the Socialists in an embarrassing position, for past experience has shown that the fear of Communist participation in Government has prevented many Centrist voters from opting for a Socialist candidate.

M. Lionel Jospin, first secretary of the Socialist Party, did his best to dispel doubts about M. Mitterrand's policy at the weekend. He said there would be no negotiations between the Socialists and Communists either before the first round of the presidential elections or between the two rounds. M. Jospin added: "One does not move in one evening from invective to smiles."

If M. Mitterrand was elected, he would dissolve Parliament and the new Government would be a reflection of the parliamentary majority emerging from the election.

How Rome could end the terror of the Red Brigades

RUPERT CORNWELL in Rome talked to Gen. Umberto Cappuzzo, overall commander of the Carabinieri. Their fight against terrorism netted 700 suspects last year, but Gen. Cappuzzo believes action by the politicians, not the police, is needed to root out extremist violence.

TERRORISM in Italy is no longer so much a police problem as a political and social one. Because of the inroads against it over the past 12 months, the worst, in terms of blood, may be over. But extremist violence will not end until the environment which supports it vanishes as well.

That, in a nutshell, is the view of Gen. Umberto Cappuzzo.

In his first year as overall commander of the "Carabinieri," Italy's oldest and most renowned police force has arrested over 700 suspects and the pace of success is showing no sign of easing in 1981.

And yet, Gen. Cappuzzo told the Financial Times: "Ordinary police action can achieve only so much. It is the classic Maoist doctrine of the fish in the water. The terrorists swim in these waters of sympathisers. We may be successful fishermen, but what we have to do is remove the water."

The paramilitary Carabinieri, 85,000 strong, are enjoying a surge of popularity in Italy. This touched its height after the successful raid to quell the Trani prison revolt, and the murder of Gen. Galvaligi, the high Carabinieri officer shot down by the Red Brigades on New Year's Eve.

It is thus perhaps all the more striking to hear the head of the force committed to stamping out terrorism dwelling at such length on its cultural and social aspects. A recent address by Gen. Cappuzzo prompted one commentator to write: "While the politicians go on making military speeches about terrorism, it takes a soldier to make a political speech about it."

As if to prove the point, the politicians are feuding over the old, chestnut of Italian terrorism's international links, especially with Eastern European governments. But today's parliamentary debate is concerned less with eliciting the truth than with internal manoeuvring, and in particular with embarrassing the Communist Party over its Moscow connection.

Home-grown

Gen. Cappuzzo leaves no doubt of his belief that Italian terrorism is home-grown "Certainly, international links exist. All terrorism is aimed at internal destabilisation, and thus lends itself to exploitation by outside powers as part of their own war by proxy. But then this happens with other international problems, for instance in the economic and energy fields."

His insistence on the need for political action does not stem from exasperation—it is rather a reminder that, in the end, terrorism's fate depends on social change, the job of politicians, not the police. And, he would argue, rarely has the moment been more propitious, despite the melodramatic D'Urso affair, when a Rome magistrate was held prisoner by the Red Brigades for 34 days before being released in central Rome.

"The solid image of terrorism is cracking," Gen. Cappuzzo says. "Doubts within are growing. They have failed politically, and now the Pentiti (captured terrorists who have confessed) are creating more uncertainty for them."

The terrorists' main recruits are, as always, disillusioned students, especially from a middle-class background. "But the level of the water for the fish is going down. The universities are becoming more serious again, studies are regarded as more important, and at last the ripples of 1968 (which laid the ground for the development of left-wing terrorism) are dying out."

His assessment that the military threat of terrorism is receding contrasts with the daily fare of sensational newspaper headlines. But does not massive press coverage in fact play into the hands of the terrorists?

"Italian terrorism is Sui Generis, a case apart," he says. It cannot be compared to Turkey, or to the Basques or Northern Ireland. "They want to hit symbols here, to play on the emotiveness of public opinion, which is very great in Italy. It's terrorism with an intellectual tinge, it loves sending communiques and getting on the front page. And it does."

Gen. Cappuzzo does not minimise the risk of more trouble ahead. "Terrorism can still strike, and hard. They have the initiative always, and need only a group of four or five people." Even so, he doubts the value of bodyguards for obvious targets. "Our battle has to be offensive, not defensive."

His basic thesis is that terrorism has neither an operational nor a political future. The former is because the expertise of the Carabinieri and other police forces is becoming steadily greater, and barely a day goes by without arrests. But the terrorists have also failed politically. "The fact they've turned to the prison system was a sign of weakness," he says, although others might not agree.

So what is the current state of the Red Brigades? Gen. Cappuzzo says a summit meeting took place in Rome last August of their so-called "strategic direction," to rebuild after the arrests and defections.

A hard core is still at large. "Now they are recruiting what's left of prima linea (front line) and the other groups we've largely dismantled. But it's not the same as two years ago, and they're finding it difficult to get new people."

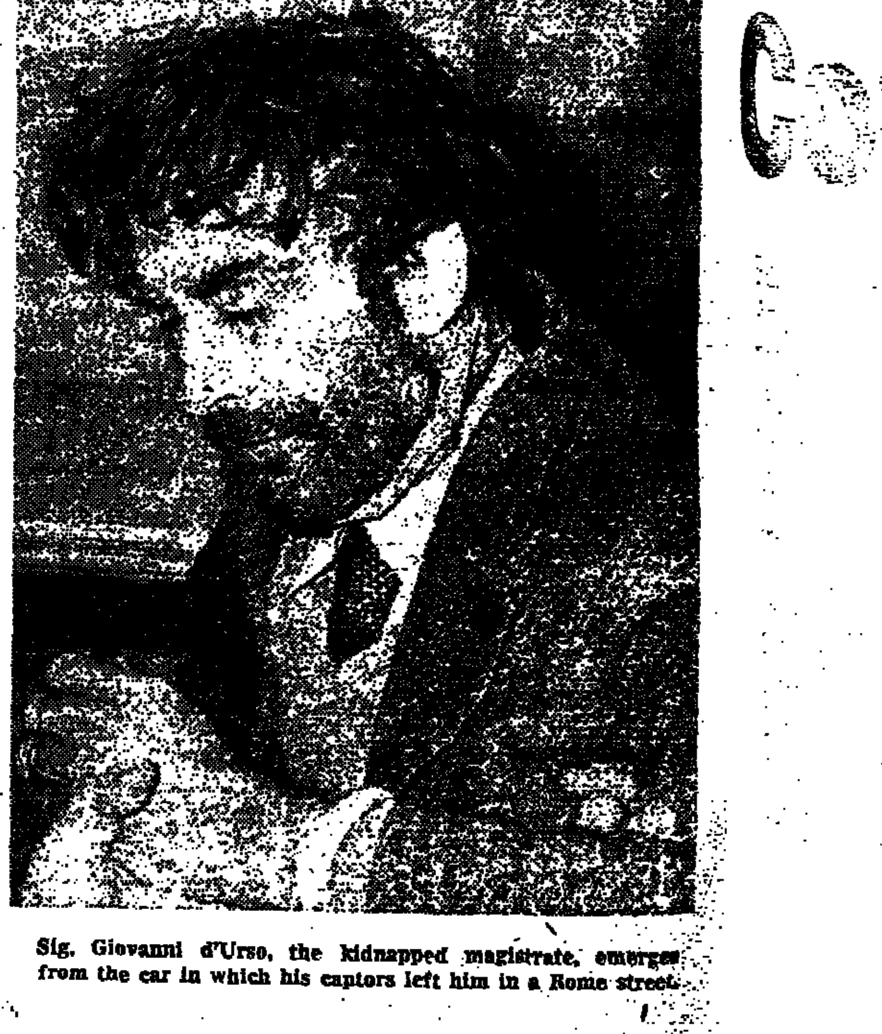
New evidence

Moreover, Gen. Cappuzzo sees new evidence of the underlying split within the Red Brigades, between the hard-line militarists and those who want to try to form a genuine movement to attract wider support. Despite the D'Urso affair's happy ending, he believes it was a victory for the first camp.

At the same time, terrorism should be kept in perspective. "If you take away Bologna (the explosion at the railway station, where 85 were killed, and assumed to be the work of the right), terrorists killed only 30 people, here in 1980. Compare that with Turkey or Spain." Not to mention events closer to home. The Mafia killed 150 people in Sicily alone in both 1979 and 1980.

Gen. Cappuzzo believes the activists may be only "a few hundred," but that the sympathisers, who enable them to operate, are many more. "That's why it's not a question of simple repression any more. We've got to make the young believe in democracy, to see that violence doesn't lead to reform, and that minorities do have a chance of becoming majorities.

"You come back to the fish in the water yet again. If the politicians can see this, and bring in measures to ensure that terrorism, defeated once, doesn't just spring up again in another form, the problem can be solved." The example of the centuries-old Mafia, however, is evidence of what happens when the state either can't, or won't, push through change.



Sig. Giovanni d'Urso, the kidnapped magistrate, emerges from the car in which his captors left him in a Rome street.

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OPEC may be forced to cut premiums

BY PATRICK COCKBURN

OVERSUPPLY IN the world oil market may force the Organisation of Petroleum Exporting Countries to reduce the premiums which it charges in addition to the official selling prices. Dr. Mana al-Oteiba, the United Arab Emirates Oil Minister said yesterday.

Abu Dhabi, the main UAE exporter, increased the official price of its crude by $3 a barrel on Sunday.

"I am afraid some of our (OPEC) colleagues who went very high in their premiums might be convinced to cut them." Dr. Oteiba said. "The market *might force them to cut.*"

He confirmed that UAE oil production is about 1.7m barrels a day.

A number of OPEC members will soon re-negotiate premiums as existing supply contracts expire. Kuwait has set a premium of $5.50 to $7 a barrel on some of its crude and Qatar a $6.50 premium.

Kuwait, which yesterday agreed to renew South Korea's one-year contract for 100,000 b/d, has no "ideological" commitment to the present premium level, Sheikh Ali Khalifah al-Sabah, its oil minister, said last week.

"If the market justifies a premium of anything from a cent to $100 we will charge it," he added.

Kuwait will soon be negotiating its one year contracts with BP and Shell for premium crude the additional charge being $5.50 a barrel. Shell is buying 250,000 b/d of which only 75,000 b/d is at the official selling *price of $35.50 a barrel.*

Kuwait surprised the oil industry earlier this month by raising its prices by $4 a barrel, a dollar more than predicted at the OPEC meeting in Bali. Sheikh Ali Khalifah said that he had decided to go for such a large increase because he considered that the price differential between north African and Gulf crudes had grown too wide.

Oppenheimer critical of Botha policy

By Quentin Peel in Johannesburg

MR. HARRY OPPENHEIMER, chairman of the Anglo American Corporation and De Beers, and the most influential businessman in South Africa, yesterday warned that the "total strategy" of the South African government could be a threat to the country's *parliamentary system.*

He warned that the government's delay in introducing reforms for the majority black population, by calling a general election, was extremely dangerous, and urged Mr. P. W. Botha, the Prime Minister, to allow black people freedom to take part in the private enterprise system.

Mr. Oppenheimer said the government was increasingly taking drastic actions—such as banning black newspapers and launching last week's cross-border raid on Mozambique—and justifying them *by citing the "total* onslaught" on South Africa.

Israel holds UK talks on diamond crisis

By David Lennon in Tel Aviv

MR. GIDEON PATT, Israel's Minister of Industry and Trade, arrives in Britain today for talks with the London diamond *syndicate on ways of helping* his country's diamond industry overcome a crisis.

Diamonds are Israel's leading export industry earner, with overseas sales topping $1.4bn (£600m) last year, up by 15 per cent on 1979. There was also a 9 per cent growth in the quantity of gem diamonds polished and exported last year.

Despite this, the Israeli industry is in trouble because of earlier speculators over-purchasing of raw gems combined with a world drop in retail demand for diamond rings and jewellery.

The industry, which employs 15,000 workers, is also facing stiff competition on world markets from polishing plants in India and the Soviet Union. A further problem is the decision by the Bank of Israel to reduce by 25 per cent the low-cost credit to the trade.

Mark Webster assesses the £68.3bn five-year development plan which comes into operation this year

Lagos planners take an ambitious look at the future

BRITAIN'S TRADE with Nigeria hit a record £1.2bn last year and could do even better during 1981. After a poor performance in 1979, Britain has bounced back into the Nigerian market and exports could touch £1.5bn during the coming 12 months.

Nigerian imports have soared as the Government's moderately expansionist economic policies have taken hold and prices have remained high for Nigerian oil.

The combination has given Nigeria a healthy payments surplus since President Shehu Shagari came to power in October 1979. The Government has balanced its budget, industry is facing fewer controls for raw materials imports and spares, and although the monthly import bill has soared from around Naira 600m *(£500m) to N1bn (£833m),* foreign exchange reserves have climbed steadily and should soon reach a record N6bn.

There is no mystery about the Nigerian economy's quick recovery since the slump of *1977/78.* Continuing uncertainty in world oil markets has kept prices high, and although Nigeria's production fell to only 1.58m barrels a day (b/d) in September last year, it bounced back to 2.06m b/d by November, guaranteeing a respectable average for the year of around 2m b/d.

While oil has fuelled the motor of recovery, President Shagari's administration has been sitting a little more securely in the driving seat. The President's cautious style has been the hallmark of government economic policy-making as he prepares for what *could prove a crucial year. This* year the N82bn (£68.3bn) five-year development plan for 1981-1985 has been launched, as has the Government's first full 12-month budget and a new and contested formula for allocating federal revenue to the 19 states.

SHAGARI TO VISIT BRITAIN

PRESIDENT SHEHU SHAGARI of Nigeria, right, will make a state visit to Britain from March 15 to 20, the British Foreign Office announced yesterday.

It will be the first official visit by an incumbent Nigerian head of state since that of Gen. Yakubu Gowon in 1975. It will be President Shagari's second official visit outside Africa since he took office in October 1979. He visited the United Nations and Washington last year.

President Shagari's visit is seen in London as evidence of the marked improvement in relations between Britain and Nigeria since Zimbabwe became independent in April 1980.

Top-level exchanges between London and Lagos are increasing, officials say, and include a visit by Prof. Ishaya Audu, the Nigerian Foreign Minister, last year, and that by Lord Carrington, the British Foreign Secretary, next month.

During Lord Carrington's two-day visit on February 18 to 20, he will deal mainly with political issues, officials said, although trade will also be touched on. Nigeria is Britain's biggest trading partner outside the U.S. and Europe.

The budget faithfully follows *the plan's objectives, with an* emphasis on agriculture and public-sector industries, a commitment to building the new federal capital at Abuja, and generous allocations for housing, education and health. The budget and the plan stress the need for greater self-sufficiency, a gradual decline in oil's central economic role and greater emphasis on maintaining existing capital assets.

None the less, the gap between good intentions and reality is likely to remain wide. President Shagari has already said Nigeria will continue to depend heavily on foreign ex*pertise for achieving its plans,* but the familiar constraints on Nigerian development—supply bottlenecks and lack of skilled manpower will remain.

The return of democracy has added its own problems. A mixture of unfamiliarity with Presidential government and deep *divisions between certain poli*tical parties has made the parliamentary process ponderous. Last year's Federal Appropriations Bill was passed after several months' delay, and a technicality is still holding up the Finance Bill. The 1981 budget — introduced last year — has not yet been passed, the Revenue Allocation Bill, which will decide the level of federal revenue for the states, is meeting stiff resistance from both houses of assembly and the Senate has made it clear it wants to debate the five-year plan, although it has no constitutional right to do so.

Because of delays in voting the budget, as well as bureaucratic inefficiency, the federal budget for the last nine months of 1980 might be as much as 20 per cent underspent. The states also endured long delays inspired by the bureaucracy before receiving their *federal allocations, which is* thought to have considerably irritated the President.

If the new revenue allocation formula is voted through the National Assembly, this year's spending patterns will be substantially different from those of previous years. Total federal revenue for 1981 is estimated at N14bn (£11.6bn), of which the federal Government would take 55 per cent, the states 35 *per cent, and local governments* 8 per cent. The rest would go to the federal capital territory. According to government figures, that would cut federal income by 6.7 per cent in current terms, while state revenues would increase by 65.6 per cent and local government revenue would rise by more than 300 per cent.

The federal Government would have to rely increasingly on deficit financing for its budgets, while the states, *traditionally short of money,* will find themselves in a much happier position. That, at least, is the theory. In fact, the federal Government last year turned a projected N1.2bn deficit into a comfortable *surplus because of higher than* anticipated oil revenues and delays in spending the budgeted funds.

Some observers consider the poor spending record an advantage, in that it prevented the economy from expanding too quickly and stopped it following the extremes of boom and slump which have characterised it during the past decade. Lower than planned public spending has contributed to inflation which, while certainly higher than the official 10 per cent, is much lower than in recent years.

The Government is clearly concerned that the economy *might again go out of control,* as it did after the 1973/74 oil price rises. The 1981 budget made it clear there would be no further liberalisation of imports this year, no more exemptions from the scheme for inspecting goods bound for Nigeria at their port of loading, and no changes in credit guidelines, sectoral allocation of credit or the interest rate structure.

The Government also showed *its awareness of the problem by* limiting total federal government expenditure for 1981 to N12.3bn (£10.5bn), a considerable reduction from the previous year's planned expenditure of N11.8bn (£9.8bn) over nine months. In the 1981 budget, capital expenditure was planned at N8.9bn, compared with N7.6bn for the previous year.

However, the capital sum remains small compared with the ambitions of the development plan, full details of which *have yet to be published.* The plan projects annual growth of 7 per cent on the basis of total expenditure during the period of N82bn. Of that, some N70.5bn would come from the public sector and N11.5bn from the pri*vate sector, proportions* considered approximately right on the basis of previous development plans.

The main recipients are agriculture (N10.66bn), manufacturing (N6.4bn) — including iron and steel, liquefied natural gas, sugar, cement, pulp and paper and petrochemicals—housing (N2.7bn) and the federal capital territory (N2.5bn). Defence (N7.3bn) will also be a major area of expenditure, although full details of how the money will be spent have not been given by the President.

There is considerable scepticism about Nigeria's ability to *carry out such an ambitious* plan, given the problems encountered in the past. It is also thought that the borrowing requirement of only N16.9bn makes unduly optimistic projections about the budget surpluses which federal and state governments can generate while the plan is being carried out.

The conclusion most businessmen are drawing is that while the coming year promises to be one of the best Nigeria has had since 1976/77, President Shagari's Government still has daunting political and economic problems to overcome before it can hope to achieve the development plan's ambitious objectives.

Sri Lanka to seek $400m in commercial credits if IMF halts lending

BY DAVID HOUSEGO

SRI LANKA will be looking for up to $400m (£174m) in commercial credits this year to cover budget and balance of payments deficits if the International Monetary Fund declines to resume lending to it under the Extended Fund Facility.

Mr. Ronnie de Mel, the island's Finance Minister, is touring Europe to assess the medium-term financial options

The IMF suspended payments in *July* last year on the $350m loan agreed in 1979 under the Extended Fund programme which carries with it the IMF's most stringent borrowing conditions.

The IMF's main complaint was that the government's costly public expenditure programme was dangerously swelling the size of the budget deficit and exacerbating inflation.

The Fund will decide in April on whether to resume payments by when it will have received the report of a Fund mission to Sri Lanka in February.

Sri Lanka is one of the test cases of IMF policies towards developing countrys because of the readiness of President J. R. Jayawardene's government after it took office in 1977 to adopt Fund policies over devaluation and the abolition of food and transport subsidies.

Foreign bankers will be less ready to lend to Sri Lanka—or impose stiffer terms—if it fails to get the Fund's seal of approval in April.

In an effort to meet the Fund's requirements Mr. de Mel, who has been outspoken about the danger's of the government's heavy spending programme, persuaded the cabinet to accept a 25 per cent reduction on the planned budget outlay for this year of Rs 30bn (£714m).

It is the enforcement of this that the IMF will be watching. In 1980, planned budget outlays of Rs 23bn were swollen by Rs 7bn of supplementary estimates helping to provoke an inflation rate that is now about 35 per cent and worsening the trade deficit.

In face of these difficult economic circumstances and the need for tight budget and monetary policies, the government has become unexpectedly nervous that it risks being thrown out of power at the next general election due, at the latest, by mid 1983.

Last August it imposed a state of emergency to limit the impact of a general strike

About 60 per cent of Sri Lanka's development programme is financed by foreign funds.

Western donor countries are also pressing Sri Lanka to slow implementation of the three major projects that are absorbing the bulk of development funds—the Mahaveli hydro-electric and irrigation scheme, a large housing programme and a Parliamentary complex at Kotte outside Colombo.

If agreement is reached with the IMF, the government will still be looking for about $100m-$150m of commercial credits this year

OAS ministers meet over Peru-Ecuador border war

BY DOREEN GILLESPIE IN LIMA

FOREIGN MINISTERS of the Organisation of American States (OAS) met in Washington yesterday in an attempt to find a ceasefire formula to end the border conflict between Peru and Ecuador.

Peru announced a unilateral ceasefire on Sunday, claiming it had dislodged the Ecuadorian troops on its territory.

In Brasilia, the ambassadors of the U.S., Argentina and Chile, together with Brazilian officials, continued a 15-hour meeting into the early hours of yesterday morning in an attempt to mediate in the border war. The four nations are guarantors of the 1942 Rio de Janeiro protocol, which followed an earlier border conflict between Peru and Ecuador.

Fighting near the border started last Wednesday, when Peru moved in a battalion of commandos and troops specially trained in jungle fighting to evict Ecuadorian forces from three military outposts the Peruvians claimed they were east of the Condor mountain range in the Andes, which marks part of *the 1,700-km border in the isolated* north-west jungle. Peru says one outpost, in the Coimana Valley, was 12 km from Ecuador.

Although both countries moved large numbers of troops to the border and Peru is known to have lined up air force and tank units as well as infantry, the number of troops in combat and the casualty figures have been kept secret.

Peru's President Fernando Belaunde, returning to Lima from the battlefront the day before the ceasefire, said that up to then only one Peruvian soldier had been reported killed, although several were wounded. He also said he had seen the graves of many Ecuadorian soldiers.

The border conflict, which flares up sporadically, arises from Ecuador's claim to the whole top part of Peru, more than 200,000 square kilometres, including the Amazon river which would give it access to the Atlantic.

The claim is based on the fact that the Spanish expeditions which discovered the Amazon set out from the Ecuadorian capital of Quito, at that time part of the Spanish vice-royalty which included Peru and Bolivia.

The area Ecuador claims includes Peru's main jungle oil-producing region, where Occidental Petroleum and Petroperu between them now produce around 130,000 barrels a day.

Ecuador's claims, however, were demolished in 1941 in a short undeclared war with Peru. The 1942 Rio de Janeiro protocol which followed gave Ecuador the right of free navigation on the Amazon and its eastern tributaries, and defined the borders. Ecuadorean political candidates regularly denounce the treaty, as has Ecuador's President Jaime Roldos, who last week said the Rio de Janeiro protocol was not valid, because it had been reached through force.

The two countries have not, however, broken *diplomatic* relations. Peru and Ecuador belong to the five-nation Andean Pact, which includes Venezuela, Colombia and Bolivia, although Bolivia last year suspended its membership after the Pact criticised its new military regime. At best, the conflict between Peru and Ecuador will slow down Pact programmes which have already been delayed by disagreements among the five nations.

Reuter adds from Quito: Ecuador has ruled out direct talks with Peru to resolve the border dispute. President Roldos, asked at a news conference on Sunday night if he would accept discussions with President Belaunde, said: "I would not accept and I state that categorically."

President Roldos said that if the Organisation of American States did not come up with a satisfactory solution, Ecuador would consult the Inter-American Treaty of Reciprocal Assistance, whose main function is to find peaceful solutions to disputes between Latin American countries.

Japanese warn China on cover for contracts

By Charles Smith, Far East Editor, in Tokyo

THE MINISTRY of International Trade and Industry (MITI), which administers Japan's export insurance scheme, has informed China that failure to agree with Japanese plant exporters on the compensation terms for recently cancelled plant contracts might prevent the issue of insurance cover on future Chinese export contracts.

MITI'S action followed a rash of plant cancellation telexes from China including one relating to a Y85bn (£172m) hot strip mill on which work had already begun by Mitsubishi Heavy Industries. China has also announced the cancellation of a contract for an ethylene plant to be built at Nanking, although the Japanese companies involved have reportedly been told they may ship components that have already been purchased.

MITI says that the insurance issue raised by China's plant cancellations is different from that raised by North Korea's default on its debts to Japan (when a pay-out from the insurance fund would have necessitated a total withdrawal of cover from North Korea for an indefinite period.

In the case of China "individual" contracts are involved. However, the cancellation of large numbers of contracts followed by a breakdown of compensation negotiations would lead to a major payout from the fund which would certainly force MITI to suspend "automatic" cover on future Chinese contracts, and this could have serious impact on Japan's China trade.

EEC takes Italians to court

BY OUR BRUSSELS CORRESPONDENT

THE ITALIAN Government is bein gtaken before the European Court of Justice in Luxembourg for allegedly breaking Common Market free trade rules.

After several weeks of fruitless negotiation between Brussels and Rome, the EEC Commission has taken the first legal steps in a procedure that will place the Italian authorities in the dock of the Luxembourg court for flouting Article 30 of the EEC's Treaty of Rome through its actions to limit steel imports.

The saga that has pushed the Brussels Commission to take this unusually stern line with Italy dates back to the closing weeks of last year, when the Italian authorities unilaterally reduced the number of Customs posts through which steel shipments could pass by almost two thirds. The 33 entry points were suddenly cut to 12, leaving a number of shipments from West Germany and Belgium effectively frozen out.

The most celebrated victim of the Italian withdrawal of Customs officers was a ship laden with West German steel that lay idle in the port of Piombino until a local court ruled that the vessel should be unloaded.

The outcome of the Commission's court case against Italy appears to be in little doubt, for the safeguards relating to free trade between the 10 EEC member states form a comprehensive part of Rome Treaty law.

But the Italian authorities' unwillingness to settle the matter and avoid a protracted suit in the European Court is believed in Brussels to stem from a number of other issues concerning intra-EEC trade problems.

The most notable of these is Italy's bid to bar entry of Sony colour TV sets assembled in Wales from a proportion of Japanese components.

Reuter adds: The EEC Commission is investigating a complaint that South Korea is dumping low-priced televisions and damaging the European industry.

The European Association of Consumer Electronics Manufacturers said black and white portable sets were being sold at 21 per cent below their price in South Korea.

European producers say they lost $35m in 1979 through falling sales and depressed prices due to the Korean sets, the Commission said.

If it finds a dumping allegation proved the Commission can impose a duty to raise the price of imported goods.

NEWS ANALYSIS

Steel blockade affair 'tip of the iceberg'

BY GILES MERRITT IN BRUSSELS

THE ITALIAN case is barely the tip of the iceberg, say European Commission officials who have been involved in the "steel blockade" affair which is to land Italy in the dock of the European Court of Justice.

There are about 300 separate cases of either dubious or downright illegal barriers to intra-Community trade under study by the Brussels Commission, and the rate at which such complaints are made appears to be accelerating. The sniping between EEC member states over such ruses has of late become a matter for concern.

Britain objects that its trucks and a variety of motor products are being hampered by hidden trade barriers elsewhere in the EEC. West Germany complains that French red tape and printing policies deter its exports of drugs, textiles and electrical equipment, and charges Italy with hindering TV shipments, while Italy has suggested that France has a special strategy to protect its furniture and wood industry.

The list is almost endless for, in any given week, the EEC Commission processes an average of two cases where local rules are used to discriminate against products from other EEC states. Usually these fall into the category of Italian refusal to accept, say, vinegar made other than from wine, or West German difficulties over types of imported beer.

Much of the pettifogging refusal to accept new products, though, has been cut through by the Commission's own insistence on a much more commonsense approach to the problem. This stemmed from a celebrated case concerning "Cassis de Dijon," the blackcurrent liqueur used in making vin blanc cassis or "Kir" drinks, which West Germany refused to accept from France because its traditional alcoholic strength was 15-20 deg. rather than the German standard 30 deg. for all liqueurs. Frivolous as the issue may sound, it enabled the Commission on the back of a European Court ruling to produce last October a communique setting out new guidelines under which EEC free trade was no longer shackled by impossible harmonisation standards.

Yet the fact remains that the Common Market is still not the free and unified domestic market that its founding fathers envisaged. And as watchdogs of the Treaty of Rome's rules on free movement of goods, the Commission is concerned that when there is an apparently flagrant disruption of trade, as is apparently the case of Italy's actions discouraging steel imports, it must act swiftly.

With recession naturally lending member states to discourage a variety of imports, Brussels is keen to deter them from employing similar wiles. Italy's defence, that its steel imports in fact rose during January of this year and that anyway 80 per cent of all steel imports pass through just four entry points *that are still open, is dismissed* as irrelevant.

The technical barriers to free trade inside the Common Market have long been a source of dissatisfaction in almost all member states, and only last year Brussels made a move toward settling the problem by setting up an information system that would provide a centralised list of such requirements.

The Commission, meanwhile, continues to draw a broad distinction between "passive" trade barriers, where documentary problems at the frontier may impede free trade without there being any deliberate move to do so, and the more active measures taken by EEC states to fix new standards that will bar imports.

To put such wrangles into perspective, Commission officials also point out that, although the volume of complaints has risen sharply over the past five years, it should be seen in the context of greatly increased intra-EEC trade.

In 1958 trade between the Six stood at 22bn European Units of Account (about £42bn), while today it is well over 350bn EUA, and the total of serious complaints on trade barriers made by one member state against another since 1958 stands at 1,500.

Tass reacts to 'hostile campaign'

By David Satter in Moscow

THE SOVIET UNION yesterday denounced American charges of Soviet involvement in international terrorism as a "malicious deception" and warned that the "new anti-Soviet hostile campaign" could have serious consequences.

The Soviet News Agency Tass, in a 900-word statement purporting to describe the attitude of Soviet "leading circles" said that statements by members of the new U.S. Administration had given rise to feelings of "indignation and legitimate protest."

Tass indicated that the Soviet Union still has hope of finding an accommodation with the new

The Agency said that if the Reagan Administration is interested in normalisation of the international situation and the improvement of U.S.-Soviet relations it will find the Soviet Union a ready partner.

Tass added, however, that thae Soviet leadership was disturbed by recent statements from Washington which resembled "a new primitive trick by professional ati-Sovieters" and were obviously not "an occasional unhappy expression" but a "deliberate political subversion."

"Soviet leading circles would like to hope that in Washington they will give serious thought to what the continuation of a campaign hostile to the Soviet Union can lead to and will take measures to stop it and get down to really important matters of which there are not a few."

The statement was the most authoritative Soviet reply yet to the statement by Mr. Alexander Haig, the U.S. Secretary of State, last week linking the Soviet Union with terrorists.

U.S. hints at fresh arms control talks

BY DAVID BUCHAN IN WASHINGTON

OFFICIALS in President Reagan's Administration have let it be known this week that they are planning a resumption of discussions with Moscow on certain key arms control issues —despite the anti-Soviet rhetoric of the first days in office.

One of the more pressing concerns is the debate begun last October between the U.S. and the Soviet Union, which is aimed at reducing the number of medium range nuclear weapons both sides have based in Europe.

Mr. Reagan and Mr. Alexander Haig, his Secretary of State, have clearly stated they intend to link Soviet behaviour and support for left-wing insurgencies around the world to any arms control talks with the Kremlin.

But this "linkage" may apply principally to SALT negotiations on strategic or long-range nuclear weapons, and not the "theatre nuclear forces" as the weapons in Europe have become known.

Some European NATO allies insisted they would only go along with U.S. deployment in Europe of ground-launched Cruise and Pershing missiles provided Washington at the same time opened talks with Moscow for a possible scaling-down of these weapons along with an equal reduction of medium-range SS-20 missiles in the Soviet Union.

It is clear, however, that any arms control discussions inside the Reagan Administration are at a very early stage.

The economic argument for arms control was put over the weekend by Representative James Jones, Chairman of the House Budget Committee. He called on Mr. Reagan to "begin serious atempts" to secure an arms limitation agreement—to replace the apparently doomed SALT II pact signed by Mr. Jimmy Carter, the former President — as a way of curbing defence spending and thus perhaps balancing the budget.

Canadian Minister claims UK pledge on reforms

BY VICTOR MACKIE IN OTTAWA

MR. MARK MACGUIGAN, Canada's *External* Affairs Minister, has said that Mrs. Margaret Thatcher has sent to Ottawa a written assurance that Canada's constitutional reforms will be presented to Parliament at Westminster, even if the package is more extensive than expected.

Mr. MacGuigan said Mrs. Thatcher sent a letter to this effect after he briefed her on the details of the present proposals for reforms at an October meeting in London. He acknowledged that at that meet*ing she had indicated that con*stitutional package went much further than she had anticipated, specifically in including a Bill of Rights.

Mrs. Thatcher's letter did not specifically state that she would use party discipline to ensure the package's passage through Parliament. Mr. MacGuigan said. However, he did not regard this as a retreat from a commitment last June to assist the progress of reforms.

Dutch tighten rules on Japan goods

By Charles Batchelor in Amsterdam

THE NETHERLANDS has begun a more detailed registration of imports of Japanese cars and other products to bring itself into line with the rest of the EEC.

This decision was taken partly at the request of Belgium, which has trading agreements with the Netherlands within the Benelux framework, the Economics Ministry said. The ministry stressed that it was simply an administrative measure and denied emphatically that this was the first step towards controls on the volume of imports.

Importers of cars will, in *future*, be required to report the number and value of imports as well as giving details of types, number of cylinders and cylinder capacity. Import permits will be issued for only three months instead of for the previous limit of six months. An automatic extension for a further three months will be possible, however.

This will bring the Netherlands into line with other EEC countries which already record more details of imports, the Ministry said. The Dutch have, until now, kept reporting requirements to a minimum to encourage the flow of Japanese products through the Netherlands to the rest of Europe.

The eight Japanese car manufacturers took 26 per cent of the smaller Dutch car market last year with sales of 101,000 cars. They increased their share from 20 per cent the year before in a market which declined overall by 22 per cent.

French set for $500m Brazil deals

BY DAVID WHITE IN PARIS

ORDERS WORTH more than $500m (£212m) for French companies are envisaged in a package of industrial accords, largely in the energy sector, signed here during the state visit of Gen. Joao Figueiredo, the Brazilian President.

The agreements, mainly in the form of letters of intent, cover projects with a total value of some FFr 4.5bn (£393m), including Brazilian companies' shares. They are backed by a government-to-government accord on co-operation in the coal industry, including the transfer of French know-how for coal-fired power stations.

The Brazilian and French Governments also agreed to exchange information on the use of alcohol as a petrol substitute, a domain in which Brazil already has considerable experience and in which France has just launched an ambitious plan.

The main firm orders are for two semi-submersible oil platforms, worth FFr 500m, from the French CFEM and UIE groups, and for two chemical carriers worth FFr 400m to be built by the Dunkirk shipyard of the Empain-Schneider group.

Brazilian officials signed a series of letters of intent, covering two additional oil platforms, the first tranche of a thermal power complex due to be supplied by Alsthom-Atlantique, hydro-electric equipment from CGE-Alsthom and French participation in a coal gasification plant and in coal-mining feasibility studies.

Some of the deals are covered by a FFr 1.8bn financial protocol signed here last week, made up partly of export credits.

Discussions have also dealt with possible future co-operation in the nuclear, electronics and motor industries.

UK group in Zimbabwe rail order

BY OUR WORLD TRADE STAFF

BALFOUR BEATTY Power Construction has received a letter of intent from the Zimbabwe National Railways for £12.2m in works associated with the electrification of the railway line from Gwele to Salisbury.

The Traction and General division of Balfour Beatty said the work involves the design, supply, installation and commissioning of the overhead contact line equipment and will cover 445 kilometres of track. Design work is to commence immediately, and site operations will start in July, 1981, with completion date set for the end of 1982.

● Hydraulic Drilling Equipment of Surrey has won a £1m contract to supply drilling rigs and associated equipment to the Bangladesh Agricultural Development Corporation.

● Plessey has won a £750,000 contract to supply British-made modems to Japan. The contract, awarded by the Japan Direx Corporation, calls for Plessey to supply 200 16-K Bit models. Modems are devices that enable terminals and computers to "talk" to each other and allow the passage of digital data over conventional telephone circuits.

● Pye TVT, the broadcast company of Philips, will supply £500,000 in television cameras and vision mixing equipment to Pan Americana Television of Lima, Peru.

● Petrocarbon Developments of Manchester, a member of the Burmah Group, has been awarded a contract valued at $2.4m (£1m) by the Chinese Petroleum Corporation of Taiwan. The contract is for the design and supply of a cryogenic hydrogen purification unit to be situated at CPC's Lin Yuan Refinery, Kaohsiung, in the south of Taiwan. The new plant will come on-stream in 1982 and will have a capacity of 12,000 nominal cubic metres per hour.

● Welldrill (UK) Limited, the British-owned independent petroleum engineering consultancy, has been awarded a $1.2m (£500,000) contract by Bakhrabad Gas Systems of Bangladesh. The contract provides for project and technical supervision of the drilling of four deviated gas wells and the workover of an existing well in the Bakhrabad field near Bangladesh's western border with India.

West German group to build Libya plant

By Stewart Fleming in Frankfurt

UHDE, the West German process plant engineering company has been awarded a DM 200m plus (£41.7m) order to build a urea producing plant in Libya. The fertiliser plant will have a capacity of 1,750 tons daily and would go into production in 1984 at Marsa el Brega. In the construction consortium with Uhde are SII-Societa Imprese Industriali and Belleli Industrie Meccaniche, both of Italy.

In recent weeks Uhde has announced several new orders including a contract worth DM 400m for a polyester filament plant in the USSR, a DM 450m methanol plant in Mexico and a DM 450m contract for the basic engineering of a petrochemicals engineering plant in Bahrain.

● R. A. Lister, a member of the Hawker Siddeley group, has been awarded a £1m contract by Edissa of Peru to supply some 800 diesel engines to be used for irrigation, pumping and electrical generation.

● Henry Simon has been given a £900,000 order by Unga Limited of Kenya to help expand the capacity of the company's Nairobi maize mill.

● Dibco Telecommunications has been awarded a £860,000 contract to provide a computer-base command and control system for the Government of Algeria's North African Police Force.

Theory and practice begin to divide Reagan's Republicans

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan came to Washington, like many a predecessor, promising that his Administration would "hit the ground running." The trouble with the proposition is that some members of his new team are trained athletes, straining at the starting gate, while others can barely find their offices, let alone their running shoes.

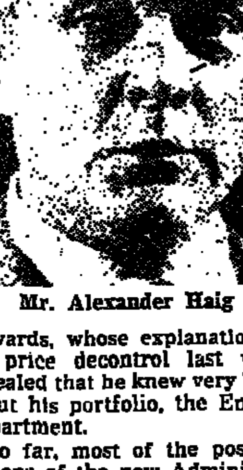
The President also promised that his Administration would indulge in full Cabinet-style government: policy decisions would be collectively taken, after thorough debate, not autocratically decreed from the White House. But because some members of the new team are more ready than others, it is already apparent that authority will not be evenly dispersed.

If the first fortnight of Ronald Reagan's new Government could be frozen in place, it would tell a tale of contrasts. Nobody inside the fledgling Administration disagrees publicly on goals—to set the economy right and to display greater strength in foreign affairs—but there is nothing like unanimity on means.

An indication of the path the new Administration will take was given last Thursday by Mr. Donald T. Regan, the Secretary of the Treasury, when he was asked during a lunch with a group of foreign correspondents whether he agreed with the proposition that the new Reagan Administration comprised an interesting mixture of ideologues and pragmatists. He concurred. He was then asked in which camp he placed himself. The reply was positively fierce: "I am," he declared categorically, "a pragmatist."

Essentially, on the evidence of the first two weeks, four power centres are already discernible: the White House itself, through the President and his three principal aides, Mr. Edwin Meese, Mr. Jim Baker and Mr. Michael Deaver; the State Department, where Mr. Alexander Haig exudes both confidence and a knowledge of bureaucratic infighting; the Office of Management and Budget, whose director, Mr. David Stockman, came to power with a clear idea of what he wanted to accomplish; and, less certainly, the Treasury, where Mr. Donald T. Regan, after a slow beginning, is showing signs of self-assertion.

Others, whose lights remain hidden behind bushels, may yet emerge, such as Mr. William French Smith, the Attorney General, an old personal friend of Mr. Reagan. Mr. Paul Volcker, Chairman of the Federal Reserve Board, may not be a member of the Administration per se, but, as the economic planning unfolds, is guaranteed a central role. Some newcomers have suffered inauspicious beginnings, like Mr. James



Mr. Alexander Haig

Edwards, whose explanation of oil price decontrol last week revealed that he knew very little about his portfolio, the Energy Department.

So far, most of the positive actions of the new Administration have been more symbolic than substantive. All that Mr. Reagan has proclaimed so far—oil price decontrol, the freeze on federal hiring, and 60 day moratorium on federal regulation, the dismantling of the Council of Wage and Price Stability, the cutback on official travel, have either been continuations or extensions of policies in train under President Jimmy Carter.

Mr. Stockman was one of those who had wanted the Administration to be in a position to unveil its economic package by today. But the realisation has dawned that tax and budget cutting is not a logical exercise, whose component parts can be elicited from a computer, but entails foreign and domestic political considerations, and the package has been postponed by at least a couple of weeks.

Not that Mr. Reagan shows any signs of backing away from his broad goal of turning the economy around by radical surgery. In the new scheme of things, the President conceives himself as the communicator—and others as executors.

Last week's fight between Mr. Haig and Mr. Stockman over the foreign aid budget demonstrates, however, that the executors do not necessarily see eye to eye.

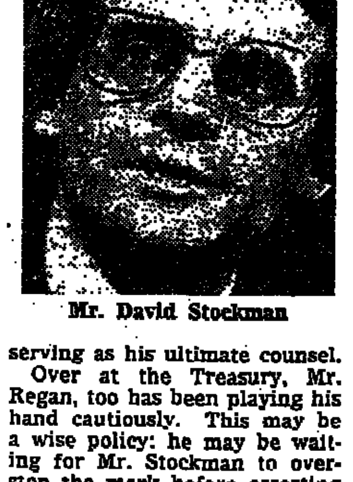
Decimating foreign aid and making it more responsive to American foreign policy goals has long been a desire of the far Right. Mr. Stockman, adept with figures and with good connections to Capitol Hill, as befitting a Congressman, has not been slow to make his mark.

Actually, there is good reason to believe that Mr. Haig also feels that foreign aid should be given a different twist, that it should focus primarily on bilateral and military assistance at the expense of some multilateral disbursements. But, with his geopolitical responsibilities as Secretary of State, he is not prepared to see U.S. relations with the developing world and with the multinational lending institutions willfully sacrificed on the altar of lower public expenditure.

In picking his departmental deputies, Mr. Haig has shown scant sympathy to the claims of the doctrinaire New Right for employment. While accepting the nomination of Mr. William Clark, an old Reagan intimate from California as his Number Two, he has reached into the traditional (and now partisan) foreign policy establishment for advice.

At this stage, it does not look as though there will be a power struggle between the State Department and the National Security Council: the latter's head, Mr. Richard Allen, has been self-effacing to the point of invisibility.

But the White House, under the triumvirate of Messrs. Meese, Baker and Deaver, is showing no signs of relinquishing its traditional role of both protecting the President and



Mr. David Stockman

serving as his ultimate counsel.

Over at the Treasury, Mr. Regan, too has been playing his hand cautiously. This may be a wise policy: he may be waiting for Mr. Stockman to overstep the mark before asserting his right to primacy on the economic policy side. But Mr. Regan also has to watch the accretion of power in the State Department. Mr. Haig has, for example, assembled an influential group of economic experts around him.

This jockeying for position is obviously inevitable, especially in a Government whose head is not personally inclined to immerse himself in every detail and which has set itself a formidable initial agenda. When the budgetary axe is wielded two weeks from now, the stage will be set for a major political battle.

After all, four years ago President Carter laboured mightily and announced "the moral equivalent of war" on the nation's energy problems. Yet it was the best part of three years later that Congress finally disgorged a comprehensive energy policy.

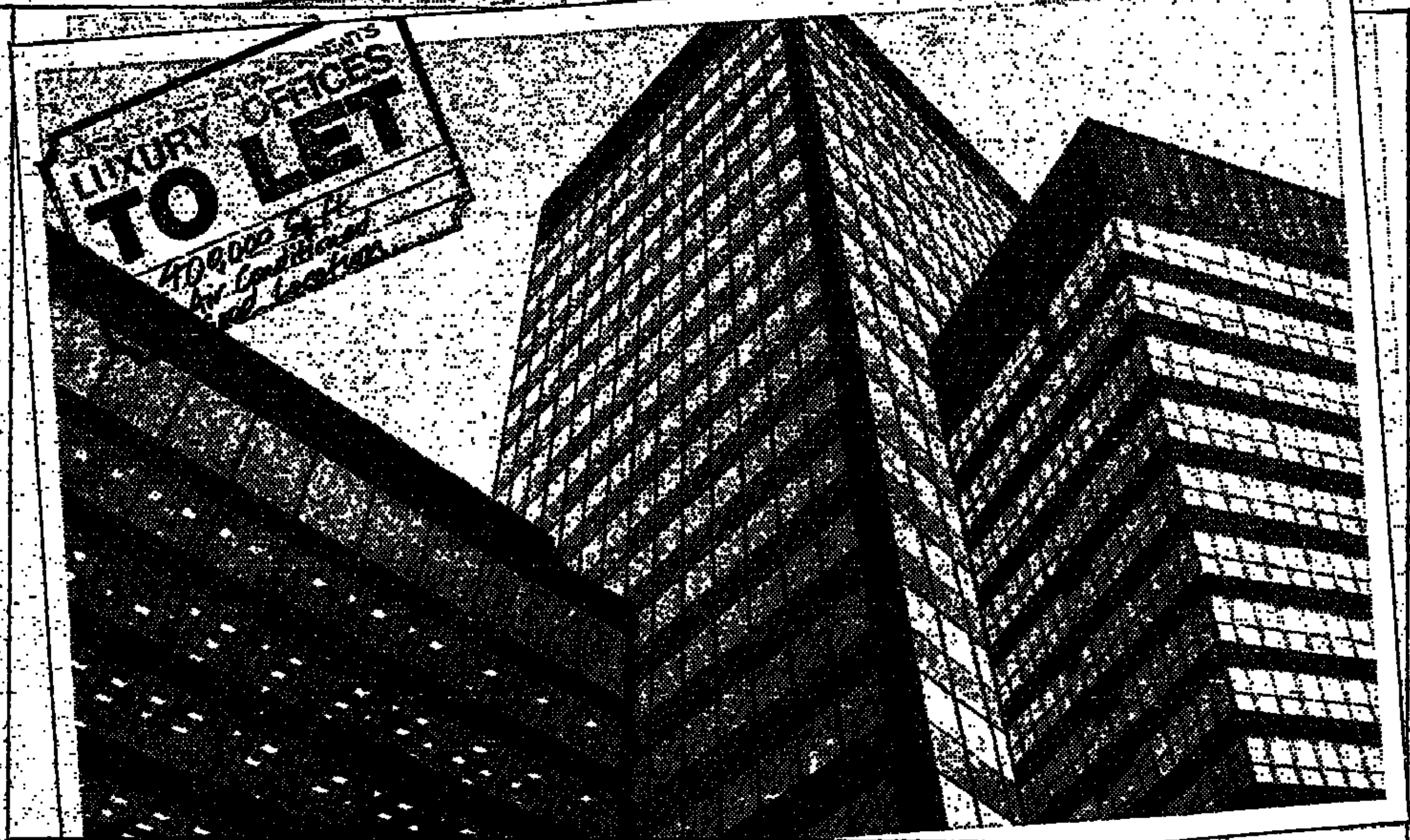
The same fate—if not necessarily the same time span—awaits a Reagan economic package. It will help that one House of Congress, the Senate, is in Republican hands and that the legislature is inherently more sympathetic now to the goal of reducing the role of government.

But broad sentiment is one thing, and agreeing to spending cuts very much another. Whatever the new Administration proposes is subject to a very different disposition by the Congress, whose Right wing, ironically for a conservative president, may prove as troublesome as its Left.

Already, the Reagan Administration has tacitly junked a number of the proposals on which the President campaigned last year because it knows they are not politically acceptable. A fascinating litmus test should crop up this week when the Cabinet debates the partial grain embargo against the Soviet Union, which Mr. Reagan denounced so sharply last year.

The strident anti-Soviet rhetoric that both he and Mr. Haig employed in public last year was almost such as to lead to the suspicion that, no matter how much American farmers protest, the Administration has no intention of giving Moscow any favours.

In other words, the new Administration is still trying to reconcile problems, the magnitude of which it had not imagined a few months back. In the process, it is likely, as was the besetting fault of the Carter Administration, to appear at times to speak with more than one voice. The early polarisation between the ideologues, led by Mr. Stockman, and the pragmatists of the Regan-Haig school is probably but a harbinger of things to come.



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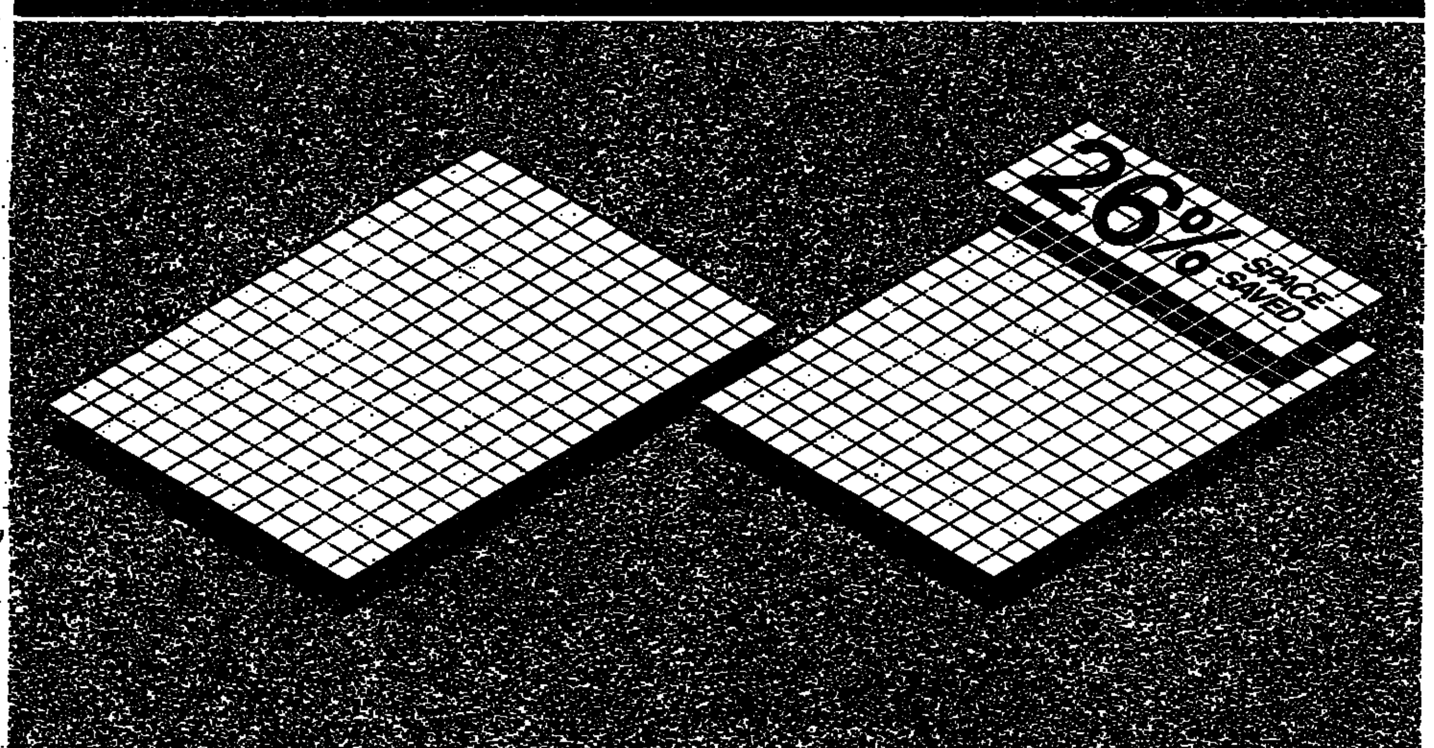

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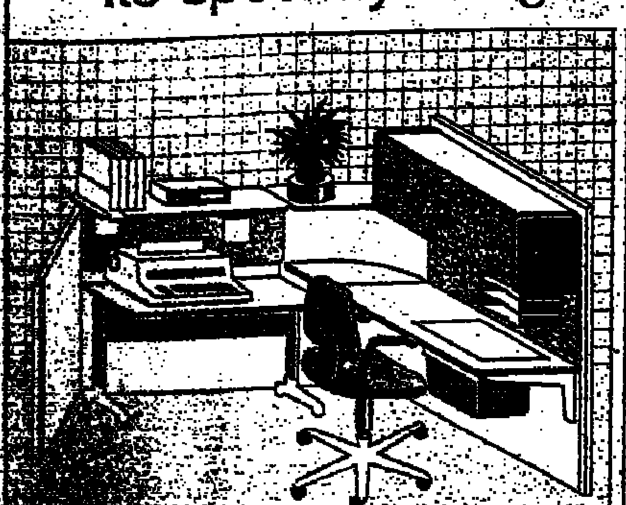

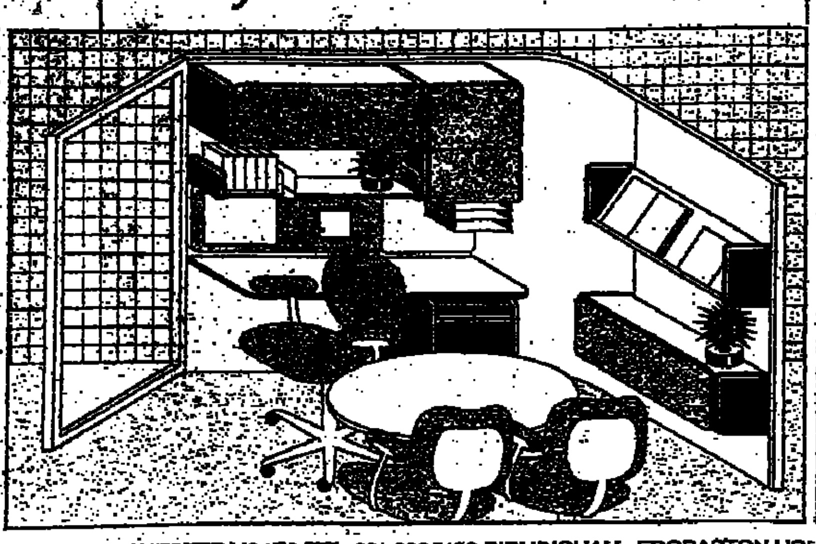

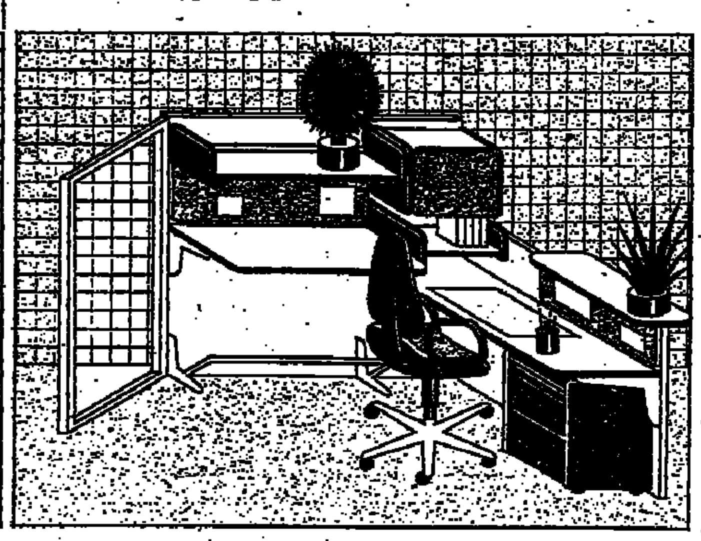

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Bank Governor hopes for future links with EMS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE WORKINGS of the European Monetary System were praised yesterday by Mr. Gordon Richardson, Governor of the Bank of England.

Speaking at the annual banquet of the Overseas Bankers' Club in London last night, he said that he hoped that "conditions in the UK will become conducive to our own participation in the arrangements at the proper time."

The Governor's remarks do not imply any immediate intention for sterling to be linked to the other EEC currencies.

But the topic may recur when the UK inflation rate is firmly established at lower levels, and possibly also when sterling is less buoyant.

Mr. Richardson contrasted the volatility of the dollar, sterling and the yen with the "extent to which the exchange rate régime of the European Monetary System has provided relative stability for its members between themselves.

"That it has done so, and in such disturbed conditions, is particularly noteworthy.

"The achievement is doubtless partly due to the recent pattern of current accounts between EMS participants; but the effect on exchange-market expectations of the firmly-announced policy of and adhering to the EMS margins must surely also have been important."

These comments came in a speech reviewing the international economic outlook for 1981.

Mr. Richardson said: "For the world as a whole, it seems likely that in the absence of any major new shocks to the system the worst of the recession is behind us: and that at some point later this year the world economy will start to grow again."

He noted that expectations about the upturn were less buoyant than in previous cycles.

"Few of us, I imagine, think that the world economy will surge ahead rapidly, for there remain major potential constraints on economic growth."

He highlighted in particular the problems of energy, while stressing the savings achieved through conservation; the problem of financing external deficits; and the danger of continuing inflation.

ICL chief seeks to reassure shareholders

By Guy de Jonquieres

MR. PHILIP CHAPPELL, chairman of ICL, will today seek to reassure shareholders about the future of the company, which has been badly hit by the recession, high interest rates and the strength of the pound.

ICL, Britain's only big computer manufacturer, had a 46 per cent drop in pre-tax profits last year and is believed to have traded since at a loss. Its share price has fallen to 45p from a high of 196p last year.

Though it has denied requesting Government aid, the company's problems are being watched closely in Whitehall and Ministers expect it to make a formal approach soon to discuss its position.

The Industry Department has been exploring, as yet unsuccessfully, the possibility of persuading a wealthy private sector partner to team up with ICL. Both Shell and British Petroleum have been approached but have refused.

Mr. Chappell is expected to describe the company's relationships with the Government. He will also give the first details of its recent trading performance and outline current and planned measures to restore profitability.

ICL has already announced plans to make 2,500 workers redundant and to close a large factory at Winsford, Cheshire. But the City is not yet convinced that it has done enough to cut costs and adjust.

Mr. Chappell is expected to outline the company's financing needs over the next few months. Although it suffered a substantial net cash outflow last year, it has denied that it is at present seeking new loans from its banks.

He is expected to emphasise, however, that ICL's prospects for recovery are based on its hope for an early end to the recession.

It is unclear how far he will go in describing ICL's future product and marketing strategy, which many City observers believe is crucial to its longer-term performance.

The company is proud of its position as the only European-owned manufacturer of big computers. But the cost of remaining internationally competitive in this market is high.

The company's position has been made more complicated since the start of this year, when the Government abolished its purchasing policy, which benefited ICL.

£370m gas wasted annually

BY RAY DAFTER, ENERGY EDITOR

FUEL worth up to £380m is literally going up in flames each year in the UK sector of the North Sea.

This is the value of natural gas produced with North Sea oil and flared into the atmosphere because of the lack of suitable pipelines.

Mr. Hamish Gray, Minister of State for Energy, told the Commons yesterday that last year UK operators flared on average 11.84m cubic metres a day, about 35 per cent less than the 1979 average and about half the amount of gas wasted during the peak period of flaring in the summer of 1979.

Even so, oil companies are still burning the equivalent of about 7.5 per cent of the amount of gas sold by British Gas Corporation on an average day. The replacement cost of the burned fuel is between £370m and £380m a year.

Companies are taking steps to reinject into fields the gas which is produced in association with oil and which cannot yet be transported ashore by pipeline. This reinjected gas will be produced later when the £2bn gas gathering pipeline network is in operation.

Mr. Gray told MPs that Energy Department consent to flaring was given only when no alternative method of disposal was technically or economically possible.

Figures produced by the department show that three large fields accounted for the bulk of UK flared gas last year: Shell/Esso's Brent, British Petroleum's Forties and Chevron's Ninian field.

The average amount of gas flared from North Sea fields in 1980 was: Argyll—0.13m cu metres a day: Auk—0.06m cmd: Beryl—0.38m cmd: Brent—3.45m—cmd: Claymore/Piper—0.88m cmd: South Cormorant—0.41m cmd: Dunlin—0.61m cmd: Forties—2.49m cmd: Heather—0.10m cmd: Montrose—0.30m cmd: Murchison (UK)—0.51m cmd: Ninian—1.51m cmd: Statfjord (UK)—0.20m cmd: and Thistle—0.61m cmd.

This cube-sized puzzle with 3bn permutations and one solution has won the 1980 Toy of the Year award at this year's British Toy and Hobby Fair at Earls Court, London. The exhibition which continues until tomorrow, is one of the main launching pads for the depressed toy industry to show new products.

BBC pays £4.4m for Gone with the Wind

GONE WITH THE WIND, probably the most popular film ever made, has been bought for UK television by the BBC for $10.55m (£4.47m). The package includes 56 other MGM pictures, but the real nugget is the old Clark Gable, Vivien Leigh saga of the South. ITV was outbid by £50,000.

The contract with MGM will run from the moment it is signed, probably no later than April 1. If bets on a first showing by the BBC were being taken, the favourite date would probably be January 1 of next year—a Friday evening, a holiday and the first day of the new ITV contracts.

ITV is said to have refused to go any further in the bidding partly because of the problem of scheduling a four-hour film into its tightly organised network system.

Under the deal, the BBC will pay for its package over four years. It will have the rights to the Gable film for 15 years and the others, which include Seven Brides for Seven Brothers and the Dirty Dozen, for seven years.

The Corporation says that the 300 hours of television involved at £14,700 an hour is a good investment

Although the BBC figures exclude "blank screen" costs (overheads before any material is shown) they are compared with £100,000 an hour for UK-made drama and ITV's fourth channel average budget of £30,000.

Citroen cuts prices in UK drive

By Kenneth Gooding, Motor Industry Correspondent

CITROEN of France is the latest company to cut prices in an effort to capture sales in Britain's increasingly competitive new car market.

There are reductions of up to 9 per cent on most Citroën models. Some have free stereo radio cassettes included in the lower prices.

But Citroën insists that the campaign is not about cut prices. "It is a promotion for February only. The list prices remain as before.

"Most customers seem to want to negotiate a lower price with the dealers in current market conditions and the February promotion is to show them, in a straightforward way, what kind of reduction they can get at Citroën dealers," said a spokesman.

"We don't think that cutting prices is a good way to sell cars. But everyone else seems to be doing it."

Typical examples of the offer include the 2CV, reduced from £2,426 to £2,196; the GSA Club, down from £4,436 to £4,198 and the CX Athena, from £6,875 to £6,500.

Since the end of last year both Fiat and its sister company Lancia have reduced prices on all models.

Ford has reduced some Cortinas and Capris. The company has added more equipment to some models without increasing the price as part of a product and price realignment programme.

Vosper Thornycroft wins £75m orders

BY OUR SHIPPING CORRESPONDENT

VOSPER THORNYCROFT, the Southampton-based naval shipbuilder, has won £75m of export orders from Oman, New Zealand and the Bahamas. The orders swell its order-book to nearly £600m, of which well over half is for export.

The new orders are welcome news for British Shipbuilders, which is becoming increasingly worried by the slowdown in naval orders due to the British defence cuts.

The Sultan of Oman's navy has ordered two more 56m "Province" class fast patrol boats worth £45m. This follows an order for a similar vessel placed early last year. The vessels are the largest fast patrol boats so far designed by Vosper Thornycroft.

In addition, Vosper has won a £20m order for technical aid covering the extension-of-life conversion of a 20-year-old frigate for the Royal New Zealand Navy. The contract involves the design for the major conversion from steam to Rolls-Royce "Tyne" gas turbine engines.

Conversion work will be carried out by the Royal New Zealand Navy at its Auckland dockyard.

Vosper has also won a £10m contract from the Bahamas for the design of a defence base at Coral Harbour, New Providence Island.

Port's future threatened

FINANCIAL TIMES REPORTER

PROSPECTS for the survival of the Lancashire firsh port of Fleetwood look bleak following the announcement yesterday that its 64-strong fish landing force is to be made redundant.

Fleetwod Fish Handling Company has given the dock's fish lumpers a month's notice because it is in financial difficulties.

The company was set up in 1979 to replace the Fleetwood Vessel Owners' Association, which went into liquidation. It hoped to re-establish Fleetwood as the west coast's leading fishing port.

Fish landings at Fleetwood fell to 19,000 tonnes in 1978 from 50,000 tonnes in the early 1970s.

● Up to 45 people may lose their jobs with the proposed closure of Roadline's parcel depot at Lincoln Parcel sorting for the area will be dealt with at depots in Leicester and Boston.

● AEI Semiconductors, part of the General Electric Company group, is puting 60 workers at its Doddington Road factory, Lincoln, on a four-day week.

Attack launched on video pirates

BY ARTHUR SANDLES

BRITAIN'S television and film industries have set up the Video Copyright Protection Society to help private detectives track down illegal copying of hit films and the home recordists who tape television programmes for sale in the Middle East.

The society, whose members include all the ITV companies and the BBC, says by the end of the year there could be 1m home videocassette recorders in Britain.

"This potentially lucrative market has inevitably attracted the attention of pirates, and thousands of pounds in revenue are lost every year by the television and film companies through the dissemination of material for which no copyright fee has been paid."

The organisation is in difficult legal waters from the start. Although the ITV companies have video deals with their unions and could supply legal copies of programmes if they thought there was a market, the BBC does not have this power.

In films, many of the distributor members of the new body do not have the video rights themselves—they remain wherever the films were made.

Modern technology has made film and video piracy a simple matter. Society members talk of new Hollywood films being available in Britain on cassettes made from cutting-room rough copies before the films are released in the U.S., and of copies of Match of the Day selling in Middle East airports on Monday morning.

More conventionally, the organisation will try to stop cinema projectionists from "lending" films overnight to copyists, and pirate houses from advertising stolen films and TV shows in newspaper advertisements and tobacconists' windows.

Turkey farm expansion blocked

MR. BERNARD MATTHEWS, Britain's biggest turkey producer, was told by the Government yesterday that he could not expand his turkey rearing farm at Haveringland, near Norwich, although it could mean 1,500 extra jobs.

Mr. Matthews warned a planning inquiry last November that he might have to go abroad if he could not get permission to expand in Norfolk. The Department of the Environment yesterday rejected the plan for seven extra turkey-rearing sheds on the 84-acre farm, after hearing that the district council had refused permission because of the extra noise, smell and night traffic.

£15,833 for American sampler

BY ANTONY THORNCROFT

THE EXCEPTIONAL price of £15,833 was paid at Sotheby's in New York on Saturday for a sampler. It was three times the forecast.

The sampler was executed in Pennsylvania in 1830 by Matilda Filbert, then in her twelfth year. It is an auction record for such a work.

In all the auction of samplers

SALEROOM

BY ANTONY THORNCROFT

from the Theodore H. Kapnek collection realised £267,208.

Another exceptional price was the £9,167 for another Pennsylvania sampler of 1815 by a 14-year-old, and the same sum for a 1776 sampler by 12-year-old Lucy Low of Philadelphia.

A record auction price for an item of furniture made in New York was also paid over the weekend at Sotheby's. An American Chippendale tea table of 1760-80 was bought by the dealer Foote for £70,833.

At Christie's in London yesterday a Meissen figure of a Berghauptmann and a Bergmann, modelled by J. J. Kandler and P. Reincke, sold for £22,000 and £10,000, respectively to the same buyer. They had formed part of a centrepiece decoration for a dining table, decorations made initially in sugar or wax

Southern TV chief attacks 'injustice'

BY ARTHUR SANDLES

THE Independent Broadcasting Authority has been attacked by Mr. C. David Wilson, chairman of Southern Television, which lost its ITV franchise six weeks ago.

After the sacking, the company said it was "stunned" but declined to make further comment.

Mr. Wilson now talks of "the sense of astonishment and, I must say it, of outrage and injustice felt by the staff, the management and the board of Southern."

In a lengthy letter to the IBA, he says that while Southern withheld comment on some of the rival applications during the IBA's selection process, this attitude was not taken by others.

"We did not feel it appropriate, or helpful to the authority in its task, to make derogatory comments or innuendos about the other applicants, unlike some of them, including the successful applicant."

He is sceptical of the promises made by the successful applicant, South and South East Communications, particularly about the hours promised and the range of subjects—"a wider spread of activity than is undertaken even by our largest companies."

He says: "The authority performed an act of arbitrary power based on a secret process of assessment, exercised without the opportunity for defence, question or appeal and we believe it had already decided that there had to be at least one supreme sacrifice regardless of whom the replacement was to be.

"Using Lady Plowden's own words, we have been the victims. This can be no proper way to conduct affairs of this importance—it surely denies every concept of natural justice."

Mr. Wilson says it is Southern's intention to maintain the quality of the service in its region. If there is any falling off in the overall service, "it will only be as a result of this decision of the authority, and will therefore be beyond our control."

Southern Television is jointly owned by Associated Newspapers, the Rank Organisation and D. C. Thomson. It is this ownership by three major companies which is thought by many to have been a root cause of Southern being placed under the IBA microscope.

Bishop retires in October

THE Rt. Rev. Robert Arnold Martineau, Bishop of Blackburn since 1972, will retire on October 31, the Church of England information office said yesterday.

Bishop Martineau, aged 68, was consecrated Suffragan Bishop of Huntingdon in 1966.

Pay warning by pottery chief

THE HEAD of a Stoke-on-Trent pottery company has issued a stern wages warning to workers in the industry as the annual pay talks approach.

Mr. Harrison Pittensor, managing director of English Ironstone Table Ware, said: "So far as I am concerned, anything over 2½ per cent, and I simply cannot afford to pay it." He warned that a pay rise "could throw thousands out of work."

Harbour appeal rejected

THE ISLE OF MAN Harbour Board has run into difficulties in its effort to obtain a site to make blocks for its Douglas Breakwater extension.

The board applied for a site about two miles south of Douglas and met with fierce opposition. The planning authority said that although this appeal was final, a further appeal to the Manx High Court on points of law was possible.

Co-op bakery in Glasgow

SCOTLAND'S latest workers' co-operative was officially opened yesterday by Dr. Michael Kelly, Glasgow's Labour Lord Provost.

The Linden Bakery, established in Govan over 50 years' ago, was closed by Lyons Bakery of London, But the pancake and potato scone section is to be continued in the same premises, under the name of Craigton Bakery.

Beer output down 3.8% in 1980

BY GARETH GRIFFITHS

BEER PRODUCTION in the UK fell 3.8 per cent last year to its lowest level for five years and there is little sign of an improvement in the market.

Brewers produced 39,614,163 bulk barrels last year compared with 41,194,572 in 1979. This represents a fall in daily beer production from 32.5m pints in 1979 to 31m pints in 1980.

The production drop is in sharp contrast with the 2 per cent to 2½ per cent annual growth rate brewers have enjoyed in the past 20 years. The annual decline masks an even worse underlying production trend.

The Brewers' Society estimates that with allowances for imports and exports the UK beer market in 1980 amounted to 40,731,519 bulk barrels, which was 3.9 per cent less than 1979.

Production for the period September to December 1980 was 9,833,161 bulk barrels against 10,445,698 bulk barrels in the same period of 1979 representing a fall of 5.9 per cent. Although the figure for Decmber showed a slight rise of 0. 9per cent on December, 1979, this was only due to two extra brewing days in the month compared with 1979.

The Brewers' Society is expected to announce its projections fo rthe industry during 1981 in the next two weeks. Revised capital expenditure plans are also expected. Leading brewers do not foresee much recovery until the summer.

● The Yorkshire Brewers' Association, a regional group representing about a dozen brewers, including local breweries of national groups, is to introduce an anti-corruption code for its salesmen in dealing with the free trade, particularly the registered clubs.

Mr. Tony Harris, the association's secretary, said yesterday that the code "put a little meat" on a national code of practice issued by the Brewers' Society last September. Mr. Harris said he expected other regional brewing groups to introduce similar guidelines.

Sports injury clinic opens

A SPORTS injury clinic at Nottingham General Hospital was officially opened yesterday by Mr. Brian Clough, Nottingham Forest manager.

The clinic, which will cost £15,000 a year to run, follows the example of a similar specialist facility at Bristol Royal Infirmary. It will be co-sponsored by the Sports Council and Niagara Therapy UK.

British gold bullion imports ahead for second year running

BY DAVID MARSH

LARGE INFLOWS of gold into the London Bullion Market last year made the UK a sizeable net importer of the metal for the second year running.

Much of the gold came from the sale of investment stocks in the Middle and Far East during the price decline of the past 12 months. Large stocks have also been bought and held in London by overseas investors and speculators seeking to take advantage of Britain's relative political stability and the liberal conditions for bullion trading.

THE BIG GOLD CUSTOMERS Shipments from the UK—1980	Tonnes	£m
Switzerland	202.3	(1,700)
Iran	29.5	(215)
Libya	10.9	(89)
Indonesia	10.8	(90)
East Germany	8.9	(74)
Netherlands	5.5	(45)
Nigeria	3.6	(34)
Poland	3.0	(25)
Singapore	3.0	(26)

Source: UK Customs and Excise. Figures are for unwrought, refined gold bullion in form accepted for bank transactions.

Figures published by Customs and Excise show that total British imports of refined gold bullion last year came to 550.8 tonnes worth £4.4bn. More than 90 per cent of the imports were for gold in the form used for bank transactions.

Exports came to 335.2 tonnes worth £2.8bn, of which about 85 per cent was gold used for bank deals.

The net import of 215.6 tonnes compared with a net inflow of 304 tonnes in 1979 but net outflows of 127 tonnes in 1978 and 11 tonnes in 1977.

The large stocks of gold being accumulated in London — mainly at the bullion houses and the Bank of England — have led to storage problems for some of the gold dealers, who have also been confronted with large inflows of silver in the past year.

The large net inflows last year came in spite of substantial exports of gold to four oil-exporting countries — Iran, Indonesia, Libya and Nigeria — which repatriated a total 54.8 tonnes. Most of this represented purchases or transfer of gold by central banks of the four countries.

Iran in particular moved gold home during the year for fear of possible UK action to freeze its overseas assets in consequence of the hostages crisis.

Withdrawals by the oil exporting countries contrasted with the general desire of other investors to keep their gold in London. It also stood out in comparison with a big drop in shipments of gold to traditional hoarding and jewellery fabrication areas such as Japan, Hong Kong and Singapore.

The UK publishes no breakdown of gold imports. A large part of the import figure is, however, made up of shipments from the main producer, South Africa.

Much of these imports are normally sent on to London's rival trading centre in Zurich. But shipments to Switzerland, although topping the list of exports, were well down last year on 1979 indicating both an overall fall in South African shipments last year and an increase in the amount of gold which remained in London.

Independent television productions face a difficult first year

The fourth channel relaxes a closed shop, Arthur Sandles reports

BRITAINM AY have had one of the best television services in the world for years, but it also has had one of the firmest of televisual closed shops. The independent production business for domestic television in the UK has bee neasy to define —there isn't any. Now all that is about to change.

The fourth channel, under the control of Mr. Jeremy Isaacs, has pledged a minimum of ten hours a week to be drawn from independent production sources. As a rough guide this means about £300,000 a week will be available for an industry which, until now, has not existed.

Like all generalities this one needs some defining. There are plenty of places in Britain where one can get television material made. Most of it, in the past, has been in the form of commercials. Another slice has been production for foreign stations.

Yet another part has been for British television companies but under an arrangement where the producers, in effect, become part of the television station staff and work to its rules and union agreements—the most celebrated example of which is the recent Kenith Trodd/Pennies from Heaven blood-letting deal with London Weekend Television.

What has been extremely rarer is for any company to approach the BBC or an ITV contractor and be given a cheque and told to produce television material. That is how much of American television works, and that is how the fourth channel will work.

It means that if a further son-of-Pennies goes over budget, it is the producer's problem, not the fourth channel's.

At first sight the prospect of £300,000a week seems a tempting one but it actually means only £1,500 a week for each of the 200 companies which have so far registered as the Independent Programme Producers' Association. It is generally agreed that you don't get much of a television production company for £1,500 a week.

Mr. Michael Peacock, an *independent* producer and chairman of the fledgeling association, becomes angry when journalists attempt simple mathematical calculations like this. Some programmes, he points out, will cost much more than the £30,000 an hour that is likely to be the average fourth channel budget. Others will cost much less and yet still offer a healthy profit to the makers.

Although this may be true, it is clear that if there are about 500 aspiring independent producers in Britain, as the association estimates many are going to have a very thin time in 1982.

Not all of them will starve. The association's ranks, which account for about half of these producers, include everything from real live production companies to facilities houses (which rent studies, technicians and equipment) and employees of present television companies who hope to become independent.

On the other hand, there is no doubt that in two years Britain will have produced a crop of notable new production companies with healthy profits and impressive programmes.

Between now and then, however, the association faces a formidable task. Mr. Peacock and his team have already advertised the job of labour relations director for the organisation.

His or her salary will be funded in part by the £200 a year association membership fee but more from the 1 per cent at-source deduction which the fourth channel will make from IPPA members' programme fees for payment direct to the association.

The reason for producers' and fourth channel's enthusiasm to establish a good labour relations department quickly is simple. Since there has been no independent production for domestic screens in Britain so far, there is no standard agreement available.

While thoughts might immediately turn to the subject of technicians and manning levels, it is not Mr. Alan Sapper and his ever-vigilant Association of Cinematograph Television and Allied Trades Technicians which worry the producers most.

Britain's television companies encounter trouble over manning because of local house agreements rather than national deals which are, by international standards, not oppressive.

The association's worst difficulties are likely to be with the white collar workers of the Arts—the actors and writers.

The arguments will be the same as those that stopped Hollywood for several weeks last year. Then the actors were striking for rights in "residuals"—that it sales to cable television companies, video cassettes, satellite transmissions and the like.

Should an actor who comes up with the best-ever television Hamlet be paid repeat fees for the later use of that material on other mediums, or should he like the carpenter who built the set, simply be paid a flat fee?

If actors are paid repeat fees for "residuals," the effect in administrative terms on a small company could be disproportionately burdensome.

It would also lead to further problems. For example, whether repeat fees are paid from the "gross" (the amount actually paid by the viewer) or the "net" (the eventual profit on the deal).

This is just the tip of the negotiating iceberg which is about to confront the association That £300,000 a week may sound a lot of money, but a large number of people want a share. It could therefore be an argumentative year.

Life companies 'committed to practice code'

By Tim Dickson

Life companies will do everything they can to make sure the new Code of Practice for selling agents is properly enforced, Mr. Joe MacHarg, chairman of the Associated Scottish Life Offices, said yesterday.

The code was issued last month to protect people who buy insurance from salesmen other than insurance brokers.

Mr. MacHarg told a joint meeting of the Scottish Life Offices and the Life Officers' Association: "There are tens of thousands involved in selling life assurance in this country.

David Frost hired as BCal consultant

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAVID FROST, the TV personality, has become a consultant to British Caledonian Airways on consumer affairs.

Together with his company, David Paradine, he will work with the airline on consumer affairs, sales promotion, marketing and employee communications.

Some time ago, British Caledonian's rival, British Airways, appointed Mr. Robert Morley, the actor, to help boost its image in the U.S. market, with considerable success.

Mr. Frost will feature in a series of TV commercials being made for British Caledonian by Saatchi and Saatchi Garland-Compton, advertising the airline's standards of service.

He will also participate in travel trade and consumer press activities.

● British Caledonian is to cut the first-class "Skylounger" fare between Gatwick and Hong Kong by £50 to £1,050 single from February 15. At the same time, it will introduce a new late-purchase "bottom dollar" excursion single fare of £151.

● British Airways, *together* with South African Airways, is launching a Family Reunion Club for travel to South Africa that will offer cut rates at hotels and for car hire. Cheaper fares are not among the privileges of membership.

Cuban cigar supply 'normal next year'

By David Churchill, *Consumer Affairs Correspondent*

SUPPLIES OF Cuban cigars, among the most expensive and sought after in the world, could be back to normal next year.

The failure was caused by a fungus disease known as blue mould.

The latest tobacco crop is reported to be back to normal after efforts to eradicate the *fungus with new chemical* sprays.

Mr. Derek Harris, chairman of Melbourne Hart, which imports Punch Havana cigars, says the new leaf will be available to manufacturers in August.

National Exhibition Centre on target for profit

BY LORNE BARLING

THE NATIONAL Exhibition Centre near Birmingham is expected to move into net profit for the first time at the end of the current financial year. This was forecast five years ago when it was set up with an investment of £48m.

But judging by bookings a loss is likely in the following year. The recession is blamed.

Sir Robert Booth, chairman, said a *profit* of about £890,000 was expected this year after repayment of interest charges and debt redemption.

This would be contributed to the rate fund, as would further profits in the next five to seven years.

"Next year we may lose as much as we have contributed this year, since we assume continued high interest rates."

In 1982-83, when the NEC would again benefit from the Motor Show, a further contribution to the rate fund was expected. Prospects for the next five years were generally good, said Sir Robert.

It is estimated that the NEC, funded mainly by the City of Birmingham and to a small extent by a Government grant, has created more than 3,000 jobs and generated local spending by visitors and exhibitors of more than £50m a year.

The NEC's volume of business has increased by about 100 per cent since it opened, a period in which the marketing appropriation in company budgets assigned to exhibitions has *risen from* 2.5 *per cent* to 9.4 per cent.

The addition of the centre's seventh hall in September added 10,000 sq metres to the existing 93,000 sq metres. This allowed the NEC to arrange rock concerts, show jumping and other entertainment.

● The Association of Exhibition Organisers, whose members include the 40 major UK exhibition organising companies, will survey the services offered by provincial venues. "The primary aim is to discover hew satisfied organising companies are with the many facilities offered to them," said the association.

Bids for Australian routes attack British Airways' role

British Caledonian and Laker Airways say they can outdo the State airline in fares and services, Michael Donne reports, but British Airways claims the loss of its routes is bleeding it to death, and should be stopped.

THE WAR of words over the desirability of more airlines and cheaper fares to Australia, which began in London yesterday and will continue for most of this month, is more than just a challenge by two UK independent airlines *for rights to fly* the route.

The independents, British Caledonian and Laker Airways, see their bids not only as an attempt to broaden their own spheres of interest in worldwide air transport, but as an opportunity to prove they are better than British Airways, the state airline already flying the route, at meeting the growing and changing desires of the travelling public.

They have already tried to do this on other routes. Last year, British Caledonian won rights to fly to Hong Kong, at cheaper fares, and claims to have increased the overall market on that route in six months.

Laker has yet to win its Hong Kong rights (it hopes to do so soon), but it believes it has already demonstrated across the North Atlantic with its Skytrain flights to New York, Los Angeles and Miami that it can match, and even beat, the best British Airways can offer.

Last year, Laker carried 913,000 passengers on all its transatlantic Skytrains. In less than a year it had carved out a 37.6 per cent share of the London-Miami route alone, boosting passenger traffic on that route by 123 per cent in the first eight months of operations, taking passengers away from both British Airways and Pan American.

Both independent airlines believe the UK-Australia market can be improved. In 1979, total traffic on the route was 571,677 passengers. British Caledonian believes this could be raised to at least 700,000 a year before 1985.

British Caledonian is seeking rights to fly between Gatwick and Perth, Adelaide, Melbourne and Brisbane. It would offer fares from £175 single for a "bottom dollar late purchase fare" on the London-Perth route, through £200 for an economy class single, to £850 for an ordinary first class seat and £1,020 for a superior first class "Skylounger" seat.

Prices to and from Adelaide, Melbourne and Perth would range from £199 single for a "late purchase" fare, through £230 for an economy class single, to £900 for an ordinary first-class single seat and £1,100 for a "Skylounger" seat.

British Caledonian would start flights in April next year with DC-10 Series 30 long-range jets, twice a week via Colombia.

It would buy two Boeing 747s with an extended upper deck, giving up to 505 seats each, and costing in all over £60m, so confident is the airline of generating an expanding market.

Mr. Adam Thomson, chairman of British Caledonian, says he has been "heartily encouraged" by the warm reception given to his airline's plans by the various State governments in Australia, which are all anxious to see new, direct air services from State capitals to the UK, rather than continue to rely on the British Airways and Qantas services from Sydney.

Laker Airways, headed by Sir Freddie Laker, is going further than British Caledonian.

It has applied for rights from Gatwick to Sydney, Melbourne and Perth, but is also seeking rights across the Pacific, from both Australia and Hong Kong, to Fiji and Honolulu and on to the U.S., either to Los Angeles or San Francisco.

The latter would be part of Sir Freddie's long-term plan for a global Skytrain service, which he wants to see working by about 1984.

Where the Australian route is concerned, Laker Airways is as confident as ever. The airline believes it will not only expand the market, although it fares are less spectacular than British Caledonian's, but will improve the quality of service.

Laker, in its submission to the Civil Aviation Authority, argues that both British Airways and Qantas enjoy high load factors on the Australian route "with fares and services designed to discourage travel."

Laker plans a *"Pullman"* class service, with first-class rates about a third lower than present levels, or £490 single to Sydney and Melbourne, or £482 to Perth.

Economy class rates will be £366 50p single to Perth and £399 single to Sydney/Melbourne, while the cheapest excursion rates will be about £265 single to Sydney and Melbourne and slightly lower to Perth.

British Airways' understandably objects. It argues that by opening up the Australian route to the independents, the UK would be "setting in motion a competitive battle among British airlines that would drain their resources and render them less able to compete effectively with foreign airlines."

It believes the bids by the independent airlines represent a watershed for the authority. The airline argues that to license the two independents to Australia would mean it was prepared "as a matter of deliberate policy" to countenance "a significant reduction in the size of British Airways as the major provider of Britain's air services."

The two independents egree. British Airways, however, insists that it regards the Australian route as the backbone of its route structure in the South-East Asia and Pacific areas, and that to lose even part of it to the *independents* would be damaging.

It argues that the steady erosion of its rights over the years, case by case, constitutes a "death of a thousand cuts," and that it is slowly being bled to death by successive route decisions made against it; and that the time has come to stop.

Chunnel bid details given

BY GARETH GRIFFITHS

FOUR contenders for the contract to construct a Channel tunnel have given the Transport Department details of their proposed schemes.

They are, British Rail, the European Channel Tunnel Group (which includes Costain), EuroBridge and Tarmac. The details include possible financing.

The Department has not yet received a detailed scheme from the British Steel Corporation. The corporation, through its structural steel subsidiary, Redpath Dorman Long, is acting in a consortium with Sir Robert McAlpine and Sons and Mott, Hay and Anderson, the consulting engineers.

Work on the British Steel scheme, which would be a combined road/rail tunnel and bridge, is still going on. It is expected to be completed by the end of February and is one of the more spectacular *attempts by Mr. Ian MacGregor,* the chairman, to boost business.

The Department is also waiting for detailed proposals from Cross Channel Contractors (which includes Taylor Woodrow, Edmund Nuttall and Balfour Beatty), Linkinto-Europe and Wimpey/Royal Volker Stevin.

JOBS COLUMN

Trouble up the ivory tower

BY MICHAEL DIXON

TO MANY readers, today's debate in the august Regent House of Cambridge University may seem like a revival of the mediaeval disputations in which scholars wrangled publicly over issues such as the number of *angels* able to dance on *the* point of a needle.

True, there was nothing mystical about the actual *occurrence which provoked* today's disputation. The event was the refusal of the group of dons controlling the university's English faculty, to retain the services of Dr. Colin MacCabe at the end of his five-year stint as a junior lecturer in English.

Refusals to renew contracts of employment are of course commonplace, at least in the working world outside educa*tion. They are fairly common*place, too, in the particular instance of Cambridge's junior lecturers.

For this university still re*quires people starting work* there as lecturers to serve an apprenticeship of as long as five years, without the assurance of continued employment at the end of it. And it is the fact that Cambridge is now virtually the only university which maintains so long an apprenticeship-without-assurance. that led certain younger dons to struggle to attract the interest of Press and television to Dr. *MacCabe's case.*

But these dons' wish to expose what they consider an unfair employment practice was largely frustrated by the media's reaction. The Press and television generally ignored that point, preferring to pursue a different issue among the tangle of intrigues underlying the rejection of the junior English lecturer.

It is that Dr. MacCabe in his approach to research work (although not in his lecturing, where he expounded the importance of good old grammar) is a "*structuralist*." As such, he is opposed by other academics committed to a fundamentally different, more conventional approach to the study of English *in particular* and scholarly topics in general.

The media's fascination with this abstruse issue has created a wide, if woolly, interest in today's *disputation by the* Regent House, which represents Cambridge University's academic parliament. I doubt that many dons there can remember the last time when it proved necessary to provide overflow accommodation for as *many as 1,200 undergraduates* wishing to listen to the contentions of their academic superiors.

This column, at least, has no *intention of trying to chase the* structuralist rabbit—or rather, since detailed definitions differ, whole colony of rabbits—far into the warren. Suffice it to say here that structuralism is one of those "advanced ideas" which, as Thomas Hardy *observed, "are really in great* part but the latest fashion in definition: a more accurate expression, by words ending in *ology* or *ism*, of sensations which men and women have vaguely grasped for centuries."

The human fate

For the structuralist approach assumes that *the human being* is not self-governing so much as "pre-programmed" by a complex of factors either inherited or socially imposed, so that *human perceptions and thoughts* can run in only a restricted range of predetermined directions. By contrast the more conventional approach assumes that perceptions *and thoughts* are under the free control of the human being concerned, and that their scope is otherwise unlimited. Thus the difference between the approaches is "in great part" a specialised version of the historic division of views over whether the human fate is predestined, or a matter of freewill.

In that same great part, the structuralist controversy seems no more likely to be resolvable by scholarly debating than the more general form of predestination versus freewill. So today's deliberations over that particular aspect of Dr. *MacCabe's case can hardly have* an outcome of any practical importance, even though the arguments of the doctrinally opposed factions will be of *fundamental philosophical* interest.

What is of practical importance, however, is that intellectual intricacies should not *lull Cambridge University into* conceding "on the nod" the younger dons' claim that the five-year apprenticeship-without-assurance should be dropped. For the claim that the university is being an unfair employer by uniquely retaining the *scheme, is sheer academic self-*indulgence.

The argument against the apprenticeship is evidently founded on the fact that the *halt of the expansion of higher* education has severely congested the groves of academe. Their upper branches and the ground below are alike crowded with dons, most of whom are at least 25 years from retiring age. So there is precious little room for newcomers.

Certainly there is now *virtually no hope of entering* directly after gaining a bachelor's degree at the age of about 21, as was common when the apprenticeship-without-assurance was first instituted. These days, even to be considered a serious contender for *one of the few posts* becoming open, the aspiring don has to put in at least three extra years as a student to acquire a doctorate degree. To *boost their chances beyond the* minimum, many aspirants follow the doctorate with another year or so on a short-term research fellowship, and sometimes with a year of teacher-training.

Hence Cambridge apprentices no longer emerge from the junior rank aged only in their *mid-20s*. At 31, Dr. MacCabe seems to be younger than the average person whom Cambridge views as just qualifying.

Since gaining their bachelor's degree, the latter-day apprentices have thus spent a decade or more in learning "more and more about less and less" in terms of their particular academic specialisation. In many subjects this process is synonymous with learning, by comparison with people of similar age elsewhere, "less and less about more and more" in terms of the external *working world.*

The younger dons say the effect on apprentices not offered promotion within Cambridge now that the groves are con*gested, is to lead them* thoroughly up the academic garden before ejecting them, largely unemployable otherwise, as they are nearing middle age. So Cambridge should follow the other institutions and cut the period of appren*ticeship-without-assurance to at* most three years.

New version

This argument can of course be viewed as yet another ver*sion of the predestination* versus freewill controversy.

The freewill persuasion would probably ask who except themselves were really to blame for *the rejected apprentices'* predicament? After all, nobody else obliged them to take the risk of accepting the junior lectureship. True, in many cases *the rejects may be better* at academic work than a lot of dons securely nesting in the groves. But if universities are concerned with the pursuit of excellence as they claim, then surely Cambridge and all the rest should make room for the highfliers by chucking out the cuckoos.

However, the younger dons evidently subscribe to the opposite view. They think that after investing some given period in an academic career, *people become predestined* to remain in that career for life. But I doubt that such dons would argue that the same should apply to other kinds of *worker, such as the majority of* Jobs Column readers who are increasingly likely to be deprived of their career by technological or economic *change when they are in their* mid-40s or even older.

For if these other kinds of worker were kept in jobs which could no longer be profitably maintained, the country would cease to generate enough wealth to keep the groves of academe so densely populated.

UK NEWS – LABOUR

Stumbling block in Times talks

BY JOHN LLOYD, LABOUR CORRESPONDENT

TALKS between print union leaders and negotiators for Mr. Rupert Murdoch, the possible owner of Times Newspapers, made minimal progress yesterday.

The union officials told Mr. John Collier and Mr. William O'Neil, the negotiators, that they were not prepared to accept *compulsory* redundancies, a tough disciplinary clause, a wage freeze or the move of The Times supplements from London.

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, said after the three and a-half-hour meeting: "The unions *are being* asked to do almost the impossible. The big stumbling block might be that we are being asked to do much in too short a time."

A deadline for completion of negotiations has been set for February 12.

Both Mr. Keys and Mr. Owen O'Brien, general secretary *of the National Society* of Operative Printers, Graphical and Media Personnel, said that talks with the negotiators would continue. A further meeting at general secretary level will take place next Monday.

Mr. Keys said Mr. Murdoch, presently in Australia, should come back to take part in the talks with the unions.

Mr. Collier, geenral manager of News International, said he thought the deadline could be met. "*One would not assume* outright acceptance of proposals which have to be put in the circumstances."

The most substansive feature of yesterday's talks was an agreement that the unions should redraft the disciplinary clause for further discussion next Monday.

It seems likely that the union officials envisage a package which would establish a standing joint committee to arbitrate immediately on unofficial stoppages, while Mr. Murdoch's men want a clause which imposes financial penalties on strikers, and on other workers not on strike.

This issue, which Mr. Murdoch sees as critical, is complicated by parallel negotiations between the unions and the Newspaper Publishers' Association which represents most Fleet Street managements.

The unions last year rejected an NPA disciplinary clause identical to that proposed by Mr. Murdoch. The clause they are now redrafting for Times Newspapers will also be used in future negotiations with the association.

Sunday Times journalists yesterday took legal advice on their bid to force Mr. John Biffen, the Trade Secretary, to refer the takeover of the Sunday Times to the Monopolies and Mergers Commission. They are expected to seek a writ in the High Court by the end of the week.

Ford lorry drivers' peace bid deadlocked

By Philip Bassett and Nick Garnett

NEGOTIATIONS BETWEEN Ford and national union officials on the strike by 440 lorry drivers broke up last night without any agreement.

The dispute, over a cutback in trips by drivers to some of the company's European plants, has resulted in the laying off of about 15,000 production wor*kers at Dagenham, Southampton* and Langley.

The company said yesterday that the dispute has so far cost a production loss of 2,250 cars and 500 vans, based on production targets, with a showroom value of £11.5m.

Mr. Ron Todd, Transport and General Workers Union national organiser and senior negotiator for Ford unions, addressed shop *stewards* representing the drivers yesterday morning.

The drivers agreed a 24 hour withdrawal of pickets from the Dagenham site. The company said the pickets were in contravention of agreements.

A subsequent meeting between union officials and the management, however, failed to resolve the dispute.

Drivers have been operating on up to five trips a week, particularly to the company's *Genk plant in Belgium.*

Regular trips have been *stopped by the company because* of falling sales. But drivers in the UK have subsequently protested about the transportation of body panels from Genk by contract *transport companies.*

The company says it had been prepared to study the feasibility of re-instating regular runs, but the drivers walked out before this could be presented to them.

●*BL Cars yesterday met union* leaders of its white-collar staff to review progress on securing enough voluntary redundancies to meet its target level of 18,250 staff set for the end of next month.

At the meeting, which was still going on last night in the Midlands, BL was expected to *tel its white-collar unions that* it would begin to implement compulsory redundancies if sufficient volunteers had not come forward.

Some unions have threatened in reply a reimposition of an overtime ban which they claim could affect production.

Yorkshire miners will back strikes to keep pits open

BY PHILIP BASSETT, LABOUR STAFF

YORKSHIRE MINERS, before a meeting next week at which the National Coal Board is expected to announce the *accelerated closure of some* money-losing mines, have voted overwhelmingly to give authority for industrial action, if necessary, to resist pit closures.

The ballot result will be used by miners' leaders when they meet the NCB a week today as a clear indication of the strength of feeling in the coalfields against closures.

The NCB is due to set out its plans for the industry at the meeting in the light of falling demand for coal and of temporary overproduction.

Faced with stiff union opposition, it may shy away from a bald list of projected closures, instead starting a review at area level of uneconomic pits and opting for such decisions as not opening new seams immediately.

However, union leaders are still concerned at the strong prospect *of the NCB's announc*ing the rundown of a number of pits.

Figures as high as 25 have been mentioned, and officials of the Yorkshire Area *of the* National Union of Mineworkers have been predicting for some time that the final total will be double that.

Mr. Arthur Scargill, *the York*shire Area NUM president, has said that 16 pits in his area alone are at risk.

The results of a mineworkers' ballot in the area declared yesterday, after counting by the *Electoral Reform Society*, showed that of the 52,171 who voted a total of 44,874, or which is 85.6 per cent, were in favour of taking action, while only *7,497, or 14.3 per cent,* were against.

Ballot papers asked the miners for authorisation for the union to take "various forms *of industrial action*, including strike action if necessary, to stop closure of any pit unless on grounds of exhaustion."

Polling was held at pits on *two days last week*, and the result confirmed by letter by the society yesterday.

Eagle Star insurance staff reject 13%

BY NICK GARNETT, LABOUR STAFF

STAFF at the Eagle Star insurance company have voted to reject a pay offer worth almost 13 per cent over the year.

The company, which has agreed to more negotiations this week, proposed a rise of 11 per cent in January, with a further 3 per cent compounded in July. *This is equivalent to about* 12.7 per cent over the period of the 12-month agreement, which is due to run from January.

Last year, Eagle Star staff received pay increases of 19 per cent in January followed by a *further 5 per cent compounded* in July.

This year's pay offer, which includes an extra day's holiday, lifting general entitlement to 19 days, reflects a trend of offers and settlements in insurance this year of 12.5-15 per cent.

Mr. Graham Gosling, general secretary of the Eagle Star staff association, which represents 6,000 of the company's 7,000 staff, said yesterday that *industrial action would be con*sidered unless the company offered a "substantial increase."

Pay settlements in insurance contrast with the offer of 8.5 per cent made by the English clearing banks.

The executive of the Clearing Bank Union, which, along with the Banking, Insurance and Finance Union, has rejected the offer, has agreed advice for its members on the union's constitution, individual employment contracts and communications in the union, for use if members take industrial action.

Seamen's leader to lobby MPs

By Our Labour Staff

MR. JIM SLATER, general secretary of the National Union of Seamen is to lobby MPs tomorrow to gain support for *the union's battle for im*proved overtime rates.

The industrial action by seamen, which has disrupted British shipping operations worldwide, went into its fourth week yesterday with no sign of a break in the deadlock following the union's rejection of a 12 per cent pay offer.

Two more "sizeable" short sea cargo operators were said yesterday to have sought information about the union's claim. ports

The union estimated yesterday that 210 ships were halted by industrial action by seamen. The General Council of British Shipping said 184 ships were held up, 108 in UK

NHS computers threat

BY OUR LABOUR STAFF

THE NATIONAL and Local Government Officers' Association warned yesterday of mounting disruption to administration in the National Health Service because of industrial action in a dispute by 1,800 computer staff.

The dispute, over regrading and pay comparisons with computer workers in private industry, has affected 100 NHS computer centres for more than two weeks.

The union said that action started as a work-to-rule, but had intensified to affect bill payments and accounting systems. One-day strikes had taken place in some areas. More would follow.

The workers claim that their wages are up to £1,000 a year lower than in the private sector

Postal dispute

HOPES ROSE last night that the Manchester postal staff *would return to normal work*ing today after union leaders agreed to recommend a new peace formula to 1,000 strikers in the parcels sort*ing departments.*

The Union of Communication Workers recommended a return to work after receiving assurances about future flexibility of staffing arrangements.

Christian Tyler looks at proposals for halting job cuts

TUC calls for £6bn Budget boost

THE TUC yesterday offered an alternative analysis of Britain's *scribed a cure requiring a* £6.2bn immediate stimulus through the Budget, followed by a programme of public planning and investment in industry.

In its economic review for 1981, subtitled Plan for Growth, *the Economic Alternative*, the TUC says the cost of not implementing its programme will be another 1m unemployed this year.

Outlining its plan for the first steps towards industrial recovery, the TUC says any *more cuts in tax or Government* spending in the Budget would "push the economy still further into a nosedive."

Two-thirds of the £6bn boost —to stop any further decline in *national output*—should take the form of direct expenditure and one-third *in reversing the* "deflationary" increases in national insurance contribu*tions.*

In its public expenditure programme, the TUC calls for *£400m* for new construction projects and a £600m increase in nationalised industries' cash limits, to cover housing, the sewerage system, railway elec*trification, rural* transport, telecommunicaitons, power stations, coal mines and a North Sea gas-gathering pipeline.

It asks for £250m in extra aid for industry, including *a* £50m grant for converting industrial boilers to coal, and another £710m for job schemes.

The latter, it says, should *include an extension of the tem*porary short-time working compensation scheme, widening the early retirement ("job release") scheme, counter-redundancy training, an employment and training subsidy, an apprenticeship support scheme, and ex*panding the Training Opportuni*ties Scheme (TOPS) and the Community Enterprise Programme.

Pensions should be raised at a cost of £750m to give a single person about £36 a week and a married couple £57.50 from *November 1. Another £400m* should be added to supplementary benefits and unemployment and child benefit.

The National Health Service *should receive another £300m* and local authority education £500m. School meals and milk *would take £300m and further* education and the universities £100m each.

Some £150m should be put into education and training for 16-17-year-olds, and £160m into local authority personal social services, transport and the fire service.

On the taxation side, the TUC calls for tax allowances to be raised in line with inflation, the £1bn increase in employees' national insurance contribution to be reversed, and the employers' surcharge to be reduced *by half* a percentage point to 3 per cent, at a cost of £540m.

The review says the immediate increase in Government borrowing implied by this programme has to be borne for the economy to "break out of the straitjacket." But the net cost would be considerably less than £6.2bn because of increased economic activity, *higher* tax revenues and reduced benefit

But to make sense of these *short-term remedies*, the Government should expand demand and employment and recognise the need for planning in which, it says, the unions must be *involved at national* and shop-floor level.

The TUC justifies the cost of its programme by saying that unemployment is costing at least £17bn a year *in lost out*put. Finance should be made available from North Sea *receipts—worth at least* £15bn a year by 1984—under the supervision of a "strongly interventionist" North Sea Oil and Gas Fund, it says. Cuts in defence expenditure and more progressive taxation on wealth and higher incomes are suggested.

A key element *in the* TUC's planning strategy is a National Investment Bank, drawing on £1bn from the oil fund and £1bn from pension and life assurance funds each year. It says the National Enterprise Board should be reconstituted at the *head of a system* in which shop-floor industrial democracy and company planning agreements would have a large part.

The review makes no mention of incomes *planning*, but says there is a "more constructive role" for collective bargaining.

The campaign for shorter hours has a "major and distinctive contribution" since it ensured that future productivity growth would be channelled into jobs rather than "unequally distributed benefits."

In a short reference to inflation, the TUC says the policies which have led to increases in the costs, rates and prices of the public sector should be *reversed*. Real incomes could be maintained, and public sector pay kept in step by means of comparability.

The TUC's manifesto is based *on an indictment of the Govern*ment's "failed monetarist" management of the economy. It says the real job shortage is 3.8m, including the unregistered unemployed, those on short-time working and those protected by special job measures.

Unemployment, it says, has "made nonsense" of the Government's borrowing targets, and cost the country 674m working days last year, 20 times more than were lost by industrial action. Each worker represented £7,600 in lost output and cost £5,000 in benefits and *lost* tax revenue.

Over 3m will be registered unemployed by the end of this year, the TUC estimates.

TUC Economic Review, 1981: Plan for Growth, the Economic Alternative; £1.20; Gt. Russell Street, WC1.

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Irish Republic agrees to joint working parties

BY RICHARD EVANS, LOBBY EDITOR

THE CONTROVERSIAL proposal by the UK and Irish Governments to seek closer co-operation over a wide area, has now been formalised into a series of official working parties.

The Prime Minister announced in a written Parliamentary answer yesterday that five joint studies have been set up with Irish Republic officials, on institutional structures, citizenship rights, security matters, economic co-operation and measures to encourage mutual understanding.

Work has only just got under way following lengthy discussions after the Dublin summit in early December. The intention is to submit reports and recommendations before the next summit in London in mid-year.

The first stage will be for the working parties to report to a steering committee of senior officials, who will then report in to Mrs. Thatcher and Mr. Charles Haughey, Irish Premier, before the summit.

Continuing efforts were made yesterday to stress there was no intention of making recommendations on constitutional matters affecting the UK, the Irish Republic and Ulster.

The working parties were simply the most effective way of improving relations.

But there remains acute distrust of the Government's motives among Ulster Unionist politicians. Mr. Ian Paisley, Democratic Unionist leader, in particular has threatened mass protests should the two Governments seek to build on the Dublin agreement.

UK ministers believe nothing but mutual advantage should come out of the increased co-operation with Mr. Haughey's Administration. They hope the Dublin authorities will put pressure on Northern Ireland Catholics to co-operate in some form of devolved Government and they hope Protestants will accept that their position is being totally safeguarded by Westminster.

Carlisle outlines deal for handicapped

THE GOVERNMENT's new deal for handicapped children will end a system based on labels and the stigma of being classed as "handicapped," Mr. Mark Carlisle, Education Secretary, told the Commons last night.

Opening the Second Reading debate on the Government's third Education Bill since taking office, Mr. Carlisle told the Commons that the measure opened the way for the integration of handicapped children into ordinary schools.

But the Bill was opposed by Mr. Neil Kinnoch, Shadow Education Secretary, who said councils would be unable to afford the changes.

Mr. Carlisle said the Bill would give parents of handicapped children a greater say in their assessment, with the right of appeal, finally to the Education Secretary.

The Government wanted to see as many children with special educational needs as possible attend ordinary schools, he said.

Mr. Carlisle said integration "cannot be a cheap and easy option—it needs to be properly worked out if it is to benefit all concerned."

He said there must be safeguards and some children could not be educated 'n ordinary schools. The Government was at present spending £250m a year on maintained special schools.

"I believe there must be room for some redeployment of that money," he said.

"We are also introducing changes which will enhance the role of parents, ensure that children are looked at as individuals, and put an end to a system based on labels and the stigma of being classed as handicapped."

The Bill—based on some of the recommendations of the Warnock Committee, set up to look at the question of the education of children with special needs—allows for assessment of handicapped children.

It also allows for the assessment of children under the age of two where a local education authority believes they have special education needs.

Mr. Kinnock said the Education Bill would do little to resolve the controversies that surround the provision of special education.

MPs hold their begging bowls aloft in appeal for arts cash

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

WHEN IT comes to twisting a Minister's arm to get Government money, the arts cannot possibly compete with hardened old medicants like the British Steel Corporation and British Leyland.

Appeals for cash to support Black Country clog dancing or touring Warhol exhibitions just don't have the same impact as the demands of the manufacturing lobbyists who conjure up frightening visions of cities laid waste and children starving.

But this did not stop MPs on both sides of the Commons raising howls of anquish and holding out their begging bowls yesterday when Mr. Paul Channon made his first appearance at the despatch box in his new role as Minister for the Arts. Youth theatre, Welsh drama, ethnic are—the list of causes seemed never ending, worthy and cash-hungry

His first task was to lay the ghost of his stylish predecessor Mr. Norman St-John Steveas, who spurned the idea of continuing as Arts Minister when he lost his job as Leader of the House.

A succession of Labour MPs heaped praise upon the departed Minister in a way that had been notably lacking when he actually held office.

The bearded Mr. Andrew Faulds, Labour's Arts spokesman, shook his head gravely and regretted the departure of Mr. St. John-Stevas "who had such considerable concern and understanding of the problem of the arts, and whose dismissal has saddened all those who care about the arts."

He emphasised that he had a "considerable regard" for Mr. Channon, but doubted how a non-Cabinet Minister could possibly further the interests of the arts.

MPs chuckled at these back-handed compliments which bore a strong resemblance to those Noel Coward scenes when two actresses gushingly embrace and assure each other that they don't look their age.

In the face of all these tributes to the genius of his predecessor, Mr. Channon took the only course open to him, and joined in the chorus of praise. Nevertheless, he could not hide the fact that he was a little peeved by these invidious comparisons. "I have responsibility for my own budget," he protested.

"I have my own question time. I have a great measure of independence."

It soon transpired, however, that the doubters had nothing to fear from Mr. Channon Every demand received a most sympathetic and encouraging response from him.

He promised Mr. Toby Jessel (C. Twickenham) that he would be considering what encouragement to give to the European Music Year which the European Parliament has decreed should be used to celebrate the tercentenary of Handel, Bach and Scarlatti.

Mrs. Renee Short (Lab. Wolverhampton NE) was worried about the 41 theatre companies whose grants from the Arts Council had been cut and rambled on about it until Mr. George Thomas, the Speaker, abruptly brought down the curtain with his familiar cry of "Order. Order." In any case, Mr. Channon assured her that he sympathised very much and would be taking the matter up with the chairman of the Arts Council later this week.

The Minister was particularly stunned by Mrs. Short's characterisation of Mrs. Thatcher and Sir Geoffrey Howe, the Chancellor, as "philistines" and did not know how any reasonable person could so describe a Government which had given the Arts Council £10m only a few months ago.

Whatever the noises made by Mrs. Thatcher about her determination to maintain a continuing blitz on public expenditure, there can be no doubt that some ominous Keynesian noises are coming from the Government front bench following the recent reshuffle.

Democracy Council may split CLV

By Elinor Goodman, Lobby Correspondent

THE FORMATION of the Council for Social Democracy looks like creating serious divisions within the Campaign for Labour Victory, which until now had provided the Gang of Three with their main platform.

The CLV's steering committee is to be urged later this week, by its one full time organiser, to give its full support to the Council. And the signs are that some of the other members of the steering committee are prepared to back the Council even if it does break away from the Labour Party altogether and form a new party.

However, the CLV's officers for the Greater Manchester region yesterday published an open letter reaffirming their commitment to fighting the Left from within the Labour Party.

The letter was not openly critical of the Gang of Three but made it clear that it would not go along with a breakaway.

If the members of the Council for Social Democracy do decide to leave Labour, they will badly need a local organisation and may well look to the CLV. But the Greater Manchester organisers said yesterday they would reject all attempts to "push them" out of the Labour Party.

The described the electoral college approved by the Wembley conference as a "monument to the Bennite whizz kids" and pledged themselves to fight it.

Nevertheless, it said it was optimistic that there now might be a "backlash" against the "arrogance and extortion" of the far Left. Their message to the members of the Council for Social Democracy who were now asking for a miracle was "watch this space."

Call for Budget to curb monetary growth

BY DAVID MARSH

THE GOVERNMENT needs to take tough action in the Budget to curb monetary growth and reduce public borrowing, according to the annual monetary review of the City University.

The university has habitually criticised the Government for failing to carry out its monetarist policies.

It says unless the Government reverts to its medium-term financial strategy inflation will rise again, the economy will fail to recover and unemployment will continue to climb.

Suggesting that Britain's monetarist plan is in crisis, the review says the medium term strategy has been seriously flawed by the breaking of the Government's targets for monetary growth and borrowing.

It says that an inflation rate of 16 per cent is inevitable in 1982 as a result of the surge in money supply last year. An inflation rate of 13 per cent is forecast for this year.

Unless the Government restores confidence by making good the slippage in its strategy, the economy will fall back into recession in 1982 after a small recovery this year.

It suggests that to get back on target the Bank of England should adopt a full monetary base method to control the money supply by limiting the supply of cash to the banking system.

The Government should also slash public spending by imposing separate cash limits on current and capital expenditure of all departments, local authorities and nationalised industries.

It would be wrong for the Chancellor to cut borrowing by raising taxes, it says. Taxes on labour use had become permanent when rising unemployment should have led to their removal.

The university says its suggestions, which involve a money supply growth target of 5 to 9 per cent in 1981-82, against 16 per cent in 1980-81, would enable industry to recover.

Following this strategy, the economy could rebound to a 2 per cent growth rate in 1983-84, with inflation down to 6-7 per cent in those two years.

Minister backs EEC membership

Financial Times Reporter

TOTAL SUPPORT for British membership of the European Community was given by Mr. Cecil Parkinson, Trade Minister, yesterday.

Speaking at a lunch hosted by the London Chamber of Commerce and Industry, Mr. Parkinson said that Britain should work within the Community for change. For Britain to leave the Community would be a "disaster" and should not be contemplated.

The lunch was part of a one-day conference held by the European Democratic Group—the Conservative representation in the European Parliament—to discuss its paper on European industrial policy.

Mr. Parkinson gave muted Government approval to the paper, which outlined an EEC Industrial Council of Ministers and a fund to help industry in research and development and restructuring.

He said the Government favoured most of the paper's points, in particular the approach the EDG was giving to industrial relations questions, specifically worker participation and information disclosure to employees—both subjects of debate within the EEC Council of Ministers.

Whitelaw announces new Brixton governor

BY IVOR OWEN

A NEW GOVERNOR has been appointed at Brixton Prison, Mr. William Whitelaw, Home Secretary, announced in the Commons yesterday.

He was reporting on the outcome of the inquiry into the escape of three prisoners from a high security block in December.

They included Gerard Tuite, 25, who is accused of conspiring to cause explosions and was on remand awaiting trial.

Mr. Whitelaw disclosed that the governor, Mr. Michael Selby, had accepted primary responsibility. The inquiry found that the escape was due "to a number of specific human weaknesses occurring over a period of time, at all levels of staff concerned."

Mr. Whitelaw denied that Mr. Selby — moved to a post in the Prison Service regional office structure, and replaced immediately by Mr. Anthony Pearson, governor of Gartree high security prison — had been made a scapegoat.

While Mr. Selby had "very properly" accepted the primary responsibility, the position of other staff had been taken into account.

Mr. Whitelaw assured MPs: "The weaknesses and errors in performance of all members of staff concerned had been brought home to them. Where appropriate, they have been transferred to other establishments, or other duties within the establishment."

Mr. Gordon Fowler, deputy director-general of the Prison Service, who conducted the inquiry, had made recommendations to rectify deficiencies and the prison services's director general had ordered immediate implementation.

Mr. Whitelaw, who explained that on the advice of the Attorney General the full report could not be published at present, emphasised Mr. Fowler's conclusion that there was "no evidence to suggest that there was any conspiracy or collusion in the escape by members of the staff of Brixton Prison."

Replying to Mr. Roy Hattersley, Labour's Shadow Home Secretary, Mr. Whitelaw said the mistakes at Brixton in failing to carry out security procedures had been going on over a period of months. Because of this, it would have been possible for other escapes to have been made.

CONTRACTS

GEC TELECOMMUNICATIONS has received £1.3m-worth of orders from British Telecom for equipment to expand the UK microwave-radio network in preparation for the second independent television channel due to open in Autumn 1982. The orders cover microwave-radio and channel-protection switching.

*

SMITHS INDUSTRIES has received an order worth more than £300,000 for fighting vehicle equipment to be incorporated in the Royal Ordnance Factory built export main battle tank, including standard fuel quantity indicating system equipment comprising fuel quantity indicators, cables, bulkhead connectors, capacitance type tank level sensors and fuel gauging amplifiers.

The company has also received an order from SAAB-Scania worth £375,000 for capacitance fuel contents system equipment for Viggen aircraft. Each aircraft set consists of fuel tank probes, bridge amplifier unit, and cockpit indicator.

*

FLETCHER SUTCLIFFE WILD, Horbury, has an order received from Blue Circle Industries for a mobile hopper and belt wagon to feed a bridge conveyor at Dunbar, in conjunction with Westerhutte AG, West Germany. FSW's share of the contract is worth about £750,000.

*

WORMALD INTERNATIONAL (UK) has been awarded the mechanical and electrical fire protection contract for the Mobil Group's new Beryl B platform, which will operate in the British Sector of the North Sea. This contract was awarded by Bechtel.

*

TAYWOOD-SANTA FE DRILLING, a joint venture between Taylor Woodrow Construction and Santa Fe-Pomeroy Services Inc., has been awarded contracts by Gas Council (Exploration) to undertake the conceptual design, detailed engineering and operation of two platform mounted drilling rigs and rig support modules for the Rough gas field. Taywood-Santa Fe will undertake the design engineering work.

*

DE LA RUE SYSTEMS has won an order from the Yorkshire Bank Group for an intelligent teller assist cash dispenser.

*

MATHER AND PLATT, Manchester, part of the Wormald International Group, has won an order worth more than £244,000 for the supply and installation of equipment to the North Surrey Water Company's Egham treatment works for a bulk supply of water to the Mid Southern Water Company. The order calls for three vertical split casing pumps driven by 3.3 kV motors, control switchgear and calbing, pipes, valves and surge protection equipment.

*

A.P.V.-PARAMOUNT, Crawley, high alloy steel founders, in the A.P.V. Holdings Group, has a £220,000 order from McEvoy, Stroud, for the supply of cast tubing heads, casing heads and choke bodies in Paralloy MM1, a nickel-chromium high strength corrosion resistant steel. These castings are used in the fabrication of well head equipment.

*

Bernard O'Brien, pipe-driving and plant hire company, Warrington, has spent £250,000 on mobile compressors made by COMPAIR CONSTRUCTION AND MINING. The order included four Holman CR 400 and three R060-100S mainly for pile driver applications, and 19 BroomWade CV125S with five Holman CR275S compressors for general contracting hire.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Keeps solar heating system going

A RESEARCH student at The City University has introduced a heat pump into a solar heating system which "could provide hot water and some central heating in the home all through the year."

Working under the supervision of Dr. John Simonson of the Mechanical Engineering Department, Sidney Gata, who comes from Zimbabwe, has developed a system which is in two parts, one for summer and the other for winter.

One set of solar panels on the roof, the summer system, uses the sun's hot summer rays to provide warm water in the summer tank. A second solar panel and tank are used for the winter arrangement. The panel takes the weaker summer radiation in the same way, but the tank now becomes the low temperatures reservoir for a heat pump. *The heat pump can be* likened to a refrigerator working backwards; it takes heat from a relatively low temperature mass and transfers it using a freon (refrigerant) circuit and a compressor to a higher temperature tank—the normal domestic hot water tank. Thus, solar heating can make a contribution in the winter months.

More from Dr. Simonson on 01-253 4399 ext. 369.

Noise control research

DATA likely to assist in the *design of improved industrial* silencers and noise control equipment is expected to be gained from a £20,000 extension to the research and development facilities of ICI Acoustics *at Welwyn Garden City, Herts.*

The extension comprises a new test rig which has a 15 metres long duct used for the measurement of silencer performance. This will enable new *designs to be engineered, thereby* assisting in the development of the optimum type of silencer for particular applications.

Other new equipment, including a sound-reducing room, will *facilitate the study and testing* of new materials and noise control techniques. New instrumentation installed is suitable for both laboratory and field use, enabling ICI Acoustics to *carry out third-octave real-time* analyses on site, take integrated sound levels over periods from one-eighth of a second, and make many other measurements and analyses calculated to assist *in the assessment of industrial* noise problems and their optimum solutions.

ICI Acoustics is a division of ICI Petroleum.

Why old golfballs are coming to the fore

BY ALAN CANE

IBM's golfball machine: cheaper to modify than buy a word processor

THE HUMBLE electric golfball *typewriter is taking* on a new lease of life—as a "multi-function workstation," keystone of the office of the future.

Suitably modified, golfball typewriters can be used to *provide input to telex systems,* computer systems and word processors. They can also be used as printers, accepting output from computer and word processing systems and producing copy of a much higher quality than that usually expected from computer printers.

What justification is there for using conventional typewriters for these purposes when there is a *myriad of custom built* machines on the market?

First, cost—most offices are already equipped with electric typewriters and the cost of converting one for use as an input device or printer can be considerably less than the cost of buying new kit.

Second, familiarity — the advance of the electronic office of the future is no longer limited by the technology available but by the wariness many office workers feel when confronted by totally new systems. The manufacturers of devices for modifying typewriters hope their approach will provide a gentle introduction to the new technology.

At Delpa Systems, for example, Mr. Mark Whittaker argues that he is providing the first element in business communication systems.

Delpa makes a device which enables a standard IBM or Remington typewriter to make telex tape or to provide input for message switch systems.

The secret in all these systems is the electrics used to position the golfball printing head before it strikes the paper. The ball both rotates and is tilted differently for each character—a *sensor tapped into the* electrics analyses both these movements to tell the system which key has been depressed.

Of course, it is even simpler with electronic machines and *Mr. Whittaker says his system* will soon be available for the Olympia, Olivetti and Adler electronics.

In the simplest version of the Delpa device — costing £1,198 — the sensor in the typewriter is linked to a microprocessor which controls a telex tape cutter.

The more complex versions use a microcomputer built by *Delpa itself but based on the* Zilog Z80 microprocessor chip. Up to 16 individual typewriters can send signals to the microcomputer independently and simultaneously. The full 16 *station system* complete with microcomputer costs £10,638.

The system feeds a telex paper tape cutter; most of the UK's 90,000 telex users still cut tape. There is a facility, however, to feed the output directly into a message switching system.

Mr. Whittaker says that message switch specialists such as Case, Racal and ITT are beginning to see the Delpa system as a cheap way by which their customers can expand their message switching capability.

Delpa will soon announce its device can be used to provide input to word processing stations: today, Formscan of Frome in Somerset is announcing just that.

The Formscan "Chatterbox" works on electric and electronic golfball typewriters.

The signals indicating the position of the print head are captured by a sensor and sent to a microprocessor controlled unit which records the signals on a mini disc. The disc is then transferred to a read unit which can replay the data to any word processor with a suitable interface—in this case, the standard is RS 232C.

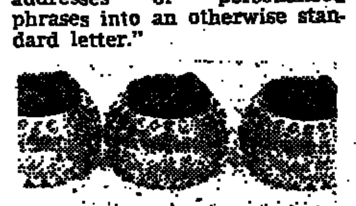
The sensor and write unit cost £1,650, the read unit costs £2,100, a total for the system of close to £4,000. But as Mr. Tony Dewhirst, technical director of Formscan, points out up to 80 per cent of word processor time is spent keying in new information.

And the *Chatterbox* is considerably cheaper than even the simplest word processing station on the market.

At the other end of the communications system, Data Resources of Chadwell Heath in Essex is importing a device which enables a standard golf ball typewriter to act as a computer output printer.

The Escon unit is made in the U.S. *It does not* interfere with normal use of the machine—and, rather more important, does not affect the eligibility of the machine for IBM warranties or service (a point which, incidentally, is also stressed by Delpa and Formscan).

The printing speed is about 160 words a minute and according to Data Resources: "The typewriter keyboard is live even when the typewriter is under computer control. With pre-programmed pauses, a typist may quickly insert names and addresses or personalised phrases into an otherwise standard letter."



Prices for the Escon start at about £415 ex VAT, and Data Resources will carry out the installation.

Delpa, Formscan and Data Resources are by no means the only companies offering conversions which open up new possibilities for old typewriter technologies. But they are in the vanguard of a trend which shows that once information is in digital form the message is independent of the medium.

Delpa is on 01-995 8301, Formscan on 0373 61446 and Data Resources on 01-590 1155.

All systems kept going

BALLOONING ENTHUSIAST and London consulting engineer Julian Nott gained the world record *for altitude in* 1972, and held it for seven years before losing it to Chauncy Dunn over Indiana. Nott is now bringing the record back to Britain (with the confirmation of his reaching an altitude of 56,100 feet over Denver, Colorado) and says he is grateful to Saft (UK) which supplied him with a silver-zinc 12 volt 20 Ah battery for the venture.

On the 3½ hour flight, the battery powered Nott's radio communication, the transponder for identification, the altimeter, auto-pilot, electric valves to operate the burner, and the alarm systems for indication for low oxygen pressure and excess cabin pressure.

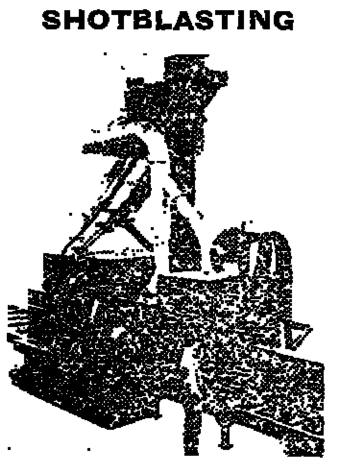
Saft's battery used in the flight is similar to those supplied for Formula I racing cars, batteries that have survived three seasons of hard driving with no faults, says the company.

A television camera man accompanied Nott at the start of his record flight (and then parachuted out at 15,000 feet) and his film will be shown on British TV today, followed by transmission in America.

More about the battery from Saft at Worton Road, Isleworth, Middlesex (01-568 4466).

NEWS IN BRIEF

SHOTBLASTING



AN ADDITION to the Power Blast range of automatic airless shotblasting equipment is available for the first time as a free-standing unit, thus eliminating the need for excavations. It has four shot-throwing wheels and is designed for medium to light duty cleaning. Plate widths of 50 ins or sections up to 26 ins in height can be handled.

Single-pass cleaning can be effected on plates and over a wide range of sections, pipes and poles at speeds ranging from 3 ft to 10 ft per minute. *Each of the four shot-throwing* wheels is driven by a 10 hp electric motor. The wheels are 11 ins in diameter and made of induction-hardened mild steel. The throwing blades, of 25 per cent chrome steel, project 1 in, giving an effective throwing diameter of 13 ins.

The curved profile of the wheel hood and the redesigning of the wear plates and fittings are claimed to effect a marked increase in the durability of these components.

For most applications the recommended abrasive is Grade S240 or S340 steel shot, although angular chilled iron or steel grit of similar size can be used in *some instances.* The recovery and cleaning of the shot or grit is fully automatic.

The spent shot is fed by four screw conveyors through a bucket elevator system into an *air wash separator where it is* cleaned. It then runs by gravity into a hopper above the throwing wheels. Dust is extracted by a fabric arrester and a centrifugal fan.

Details from Power Blast, Collingwood Lodge, Camberley, Surrey (0275 28888).

CONTAINERS

DIFFERENT COLOURED ends and bodies can be incorporated in a 25-litre plastic container called Valerex which is already being used by Feb (Great Britain) for carrying its Feb-*speed cement additive.*

The drum is said to combine, at low cost, the benefits of a light-duty known-performance container made from injection-moulded tops and bottoms assembled on an extruded body offering evenly distributed strength.

It also boasts first class presentation, stacking and handling facilities says maker Van Leer (UK), Van Leer House, West Byfleet, Weybridge, Surrey (Byfleet 41161).

MOISTURE

A SYSTEM designed to provide a low-cost solution to the problem of accurate moisture control in food processing has been introduced in the UK by Laboratory Impex, Lion Road, Twickenham, Middlesex (01-892 9157). Known as the DM6 Moisture Monitor, the system was originated by Diversified Engineering Inc., Richmond, Virginia.

It is claimed to have a wide measuring range (0.5 to 80 per *cent moisture content*) and to be accurate to within 0.5 per cent of the range selected. The results are obtained in less than two seconds, the analysis is non-destructive, and no sample preparation is *required, says* Impex.

To determine water content, a radio-frequency capacitative measuring technique is used. The monitor can be used as a portable unit for making spot checks or it can be permanently installed to give a continuous readout with recorded trace outputs.

BONDED METALS

A FAST diffusion bonding process, permitting the firm and permanent bonding of greatly disparate metals, as well as of *some metals to ceramics, has* been developed at the Department of Materials Engineering at the Technion, Israel Institute of Technology, Technion City, Haifa, Israel. It is now *sufficiently advanced for the* establishment of a pilot plant following exhaustive laboratory tests.

The technology is stated to avoid many of the drawbacks common to other methods, such as welding, brazing and soldering, diffusion techniques and explosive cladding.

High strength bonds are obtained within minutes or even seconds, while the conventional diffusion-based technique usually requires several hours.

Bonds so far produced include aluminium to steel, *duraluminium to steel and* any of these metals to ceramics. Multi-layer "sandwiches" of aluminium, steel and ceramics have also been produced.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The West starts a belated quest for better product quality

BY CHRISTOPHER LORENZ

DR. JOSEPH JURAN celebrated his 76th birthday on Christmas Eve. Or was it his 85th, as some of his disciples suspect? No-one knows, perhaps even Juran himself.

Juran is a Balkan-born American, with plush offices in New York's United Nations Plaza. Despite his advanced age, he is still the leading American in his field. Yet he probably has more followers in Hammamatsu, Osaka, Tokyo and the other industrial centres of Japan than in the U.S. itself.

For this frail-looking, almost sparrow-like man is one of the co-authors of Japan's astonishing post-war transformation, from a semi-industrialised nation turning out cheap, unreliable copies of western goods, into today's industrial giant producing supremely reliable products of steadily improving design — and driving some western industries almost out of business in the process.

Eminence

Steel, ships, motorbikes, cars, transistor radios, televisions, and latterly video recorders, computers and microcircuits — where the Japanese measure defects in "parts per million" rather than the traditional western percentages — in all these sectors, and more, the Japanese now sell on quality as well as price, and the West is running scared.

Despite all the current western alarms about robot factories, the consistent theme behind Japan's rise to industrial pre-eminence has not until recently been particularly advanced technology, certainly not in the product design. Instead, the key has been the efficient, reliable improvement and manufacture of relatively standard designs. Central to that approach has been a universal commitment to quality within the country's leading companies, from the very top to the bottom of the enterprise.

Juran paid the first of countless visits to Japan in the early 1950s. He had just achieved international eminence with the publication of his "Quality Control Handbook," which rapidly became the standard world reference book on quality management, and has remained so ever since.

By the time he addressed his first group of 140 Japanese chief executives on his basic credo—that quality control is an integral part of management at all levels, rather than a specialist adjunct to it—"Japan Inc" was already hard at work on the quality trail. By a combination of carrot and stick (prizes and legislation) the Japanese Government and business establishment had begun to promote the advanced statistical quality control techniques to which they had been introduced by another American, Dr. W. Edwards Deming. The nation's main prizes for quality, awarded annually since 1950 to selected Japanese companies, worker groups and individuals, still bear Deming's name.

Emphasising the importance of the fact that the Japanese training in the management of quality began at the top, Dr. Juran recalls that his lectures were followed up at senior management levels and below by the newly-formed Union of Japanese Scientists and Engineers (whose ranks numbered many senior executives) and the Japanese Standards Association. Large companies started in-house training, and courses for foremen were offered on national radio. Booklets were even made available at newspaper kiosks.

"As a result, the Japanese became the best-trained managers on earth in quality," says Juran. Once they had been trained, "they were able to make improvements (in both product designs and the manufacturing process) year after year after year."

Western industrialists are at last becoming all too painfully aware of the results. Not only are they beginning to take note of the alarm signals being triggered in the market place, but they can hardly ignore the continuing flood of television programmes on both sides of the Atlantic, all of them attributing Japan's frightening industrial success to its ability to produce high-quality products at (nearly) rock-bottom prices. A contributing factor to the West's new-found concern about quality has been the development of product liability legislation.

Why has it taken nearly 30 years for Juran's message to strike home in the West? Why, if it was the Americans who exported the latest ideas on quality management to Japan, did American companies fail to make use of them effectively?

There has been a plethora of American management techniques over the past 20 years, aimed initially at improving control and inspection during and after manufacture, and later at the more ambitious goal of preventing poor quality in the first place. Yet such highly-publicised preventative campaigns as "Make Certain" and "Zero Defects" have had little general effect, even though one of their practitioners, ITT, has been able to claim remarkable annual savings through their use (over $700m in 1978, for example).

In Britain, most companies have failed to take notice of repeated government-backed quality campaigns. There was the "Right First Time" drive of the British Productivity Council in the early 1960s, and "Quality and Reliability Year" in 1966-67. Then came the last Labour Government's "National Strategy for Quality" in 1978, and most recently the Department of Trade's declaration last autumn of "An Approach to Quality"—an initiative which the Government is expected to reinforce over the next few months with a public awareness campaign and the introduction of several new measures.

Blindness

Time and time again, over the years, it has been calculated that the cost to a company of inadequate quality can be as much as 15 per cent of turnover; on the basis of only 10 per cent, the British Government's 1978 calculations were that industry was wasting a stupendous £10bn a year. And this was only the direct cost of scrap, rework, defective products and repeated inspections and services which would have been unnecessary if the product had been designed or made properly at the start. These calculations do not take account of the potential benefits of making extra sales to reliability-minded customers: winning markets back from the Japanese, in other words.

In spite of all this evidence, the quality message has failed to get through until now, with most western industrialists remaining blind to its obvious sense.

Dr. Juran says the main reason for the West's blindness is evident in the experience of the Japanese themselves.

Japan's post-war quality revolution has nothing to do with its famous inscrutable culture, he maintains.

The country's industrial leaders, who had been drawn into a political power vacuum left by the defeated militarists, realised they would have to turn Japan into a major trading force if they were to succeed in their goal of creating a modern industrialised nation. But they then discovered that they could not sell their products in sufficient quantity because of poor quality—or at least a reputation for poor quality. Hence the sudden demand for advice from foreign quality control experts in the early 1950s, and the massive training programme in which Juran himself played a leading role.

"There's no alarm signal that alerts a top manager as much as the inability to sell his products," beams Juran, suggesting that it has only been as western executives are confronted with this extreme and stark reality that they have been prepared to initiate a revolution in their own companies' approach to product quality. (By then, of course, it may be too late for many of them.)

Significantly, it was only in 1980, after almost 30 years of evangelising in the West, that Juran began to receive a wave of requests for help and advice from top management in the U.S. and Europe. Previously, his main audience had been manufacturing and quality managers.

Tomorrow: The key role of top management and Government.

Roger Taylor

Dr. Joseph Juran, prophet of quality management: "There's no alarm signal that alerts a top manager as much as the inability to sell his products."

Pulling out the stops to tap the export market

Gareth Griffiths reports on how a UK brewing equipment maker won its first U.S. contract

IN THE next few days one of the most precious shipments ever to come out of the brewing metropolis of Burton-on-Trent will start its long journey to the U.S. Depending on whether the Americans find it to their taste, the burghers of Burton can expect either lucrative repeat orders or resounding silence—and a possible threat to future employment.

The taste in question is not beer itself, but an ultra-modern £3¼m lager brewhouse which Heilemann, the sixth largest U.S. brewer, has ordered from Robert Morton DG, for its headquarters in La Crosse, Wisconsin.

This is the first time Morton has broken into the American market; many other European equipment suppliers are still knocking on the door after years of effort. Yet Aubrey Wood, the company's finance director, is adamant that the deal is not a loss leader.

The Heilemann deal was certainly opportune for Morton, however. At a time when the British brewing engineering industry in general is suffering from very weak order books and consequent short time working, the U.S. order represents nearly half the annual turnover of Morton's brewing equipment and project management divisions. (The rest of the company's £10m turnover is provided by aerospace and power plant equipment.)

Morton's motivation for breaking out of the home market is by no means purely short-term. Though its management is optimistic about the re-equipment of the smaller brewing companies in the UK as a source of bread-and-butter work, large-scale British projects like those of the 1960s and 1970s are a thing of the past. Now that lager is taking an increasing share of the home market, Morton is also increasingly having to compete at home against strong foreign companies. Import penetration for the sector as a whole currently ranges between 20 per cent and 50 per cent, depending on the product.

Robert Morton had been involved in producing brewing equipment for a century before it went into liquidation in 1968. It was revived as part of the engineering division of Lindustries, which was taken over by the Hanson Trust in late 1979. The company is now run along typical Hanson lines of tight financial control allied with substantial management autonomy.

Licence

One of the peculiar characteristics of the brewing equipment business which Hanson has had to accept is the high level of marketing overheads. Only about one in 14 serious inquiries actually produces an order, though the drawing office has to make detailed plans of equipment for every bid. Interchange of staff between the four divisions in the company provides some mitigation.

The Heilemann order was particularly heavy on pre-sale overheads. Many American brewers have a built-in preference for ordering home-produced equipment, and stringent licensing laws also make it expensive and time-consuming for companies—whether foreign or local—to obtain the necessary licences to supply the equipment.

At one stage Morton's directors of finance, sales and marketing, plus its main brewing engineer and electrical expert were all in the U.S. trying to win the contract. During the run up to the contract's signature, Morton's managers were working 34 hours at a time on the design work.

Robert Morton DG started looking seriously at the American market in 1976. David Storer, its marketing and sales director, said the company had first studied the possibility of selling more to the West African market, where it had supplied equipment for Guinness in Nigeria. Its other previous markets overseas had included Ghana, Malaysia and British Guyana. But the U.S. offered a potentially much larger market and one that was much more politically stable.

Persistence proved to be a key management quality. The company believed it could provide the quality the Americans wanted; its equipment lasts on average 25 years and the British brewing engineering industry believes it is as advanced technologically as any in the world, thanks in part to the strong boost given to research and development during the British lager boom of the 1960s and 1970s.

Work on winning an American order started to gain momentum in 1978 and 1979. The company had to prove to potential American customers that its product would not only last but prove trouble-free at the start of production. Morton's entire eight-man sales force have engineering backgrounds, and this proved crucial in selling such a technical product.

Delivery dates and an ability to meet them were crucial. Storer outlined his company's long-standing view that it would only give delivery deadlines it could meet; he believes that the long-term reputation this policy built up paid dividends in the American case.

Morton is funding the Heilemann deal by a package put together with the help of its financial advisers, Morgan Grenfell. Initially, half the total cost is being met through support from the Export Credit Guarantee Department. A fifth of the order was covered by a down payment when the deal was signed early last autumn, with a further 30 per cent due before delivery of the equipment.

The guaranteed line of credit covers 80 per cent of the project.

Morton believes it won the order because the ECGD backing enabled it to offer attractive finacial terms. Although it will not release details of the profit margin on the American order, management says it is higher than on the company's UK business.

The Heilemann deal has already begun to stimulate inquiries from several other American groups. But the real test will come after the brewhouse goes into production in April. The success of Morton's export strategy depends on it.

Multinational monitor

WEIGHING in at 1,186 pages, the new "World Directory of Multinational Enterprises"* is laid out on a scale matching its subject matter: the world's major industrial corporations with significant international investments.

The corporations included range, alphabetically, from Abbott Laboratories to the Yamaha Motor Company. There are 430 of them, together thought to have under their wing over three-quarters of all foreign-controlled companies. Each is given a "profile" in a uniform style which packs the essentials of the company into the available space with admirable clarity. There are brief descriptions of the background and current situation of each company, of its principal products and brand names, and its — frequently complex — corporate structure. Five years of accounts are summarised in a compact, even elegant, table.

A major company, for the Directory's purpose, is one with capital over $1bn; the conditions for being classed a multinational is (in effect) that a substantial amount of that capital be invested outside the home country. Major exporters, like McDonnell-Douglas, are excluded when they are not also major international investors.

The book should be invaluable, but it has a basic flaw which makes it only marginally useful to readers whose need is for current practical information; the Directory has been designed to provide data up to the end of 1978, with only limited updating into 1979.

When the lags in companies' presentation of their accounts are added to the long lead times inherent in publishing a book of this scope, it becomes apparent that the Directory must inevitably be out of date before it can appear.

Unfortunately, this matters. Multinational companies grow, merge, shrink and even disappear at dizzying speed.

An example is the diversification over the past two years of the French glass and steel giant St.-Gobain-Pont-à-Mousson, which has made decisive moves into micro-electronics, computing and business machines.

The Directory records the first, smallest step in this progress: St. Gobain's joint venture with National Semiconductor to produce micro-chips in southern France. But the purchase in September 1979 of a 20 per cent stake in the holding company of CII-Honeywell-Bull, taking St. Gobain into the computer industry goes unrecorded. So does the purchase, agreed in April 1980, of 20 per cent of Olivetti (another Directory-profiled company). In June 1980 St. Gobain extended its holding to 51 per cent of Compagnie des Machines Bull, thus acquiring a controlling interest in CII-Honeywell Bull. Practically all of this had taken place before the Directory was sent to the printers.

About 5 per cent of the Directory is devoted to general analytical material. Most of it is helpful and well presented: some of it verges on the eccentric. The introduction is an illuminating survey of themes arising from the data which the book assembles. But what is one to make of a classification according to which IBM comes only 37th in degree of multinationality (just below Ready Mixed Concrete) while the most multinational company, Schlumberger, is so ranked because it does no business in its country of incorporation — the Dutch Antilles?

**The World Directory of Multinational Enterprises, edited by Stopford, Dunning and Haberich. Macmillan, £125 (£95 until March 31, 1981).*

Jeremy Stone

LOMBARD

Trade unions and the party

BY IAN DAVIDSON

CONVENTIONAL wisdom would have it that the recent Labour Party decision on its new electoral college was a disaster. Yet it seems to me that, for once, the conventional wisdom may be in error. I would even argue that the thick fog of confusion may at last be giving way to a clearer, if undoubtedly starker, light on the realities of left-wing politics in this country.

Don't get me wrong. These words are not inspired by a spirit of gleeful, malicious *schadenfreude*. Some Conservatives may revel in the prospect of the Labour Party rending itself in fraternal strife, on the grounds that this will help to counterbalance the egregious shortcomings of Mrs. Thatcher's economic policy. Not me; I look forward to the day when I could contemplate voting for the Labour Party—or for some of it.

Apathetic

The root of the party's problem is its apathetic membership; and membership, in the last resort, means money. In the absence of real members, the trades unions provide millions of phantom members, with which they march up and down the aisles at party conferences, and with which they sustain, after a fashion, the party funds.

Collectively, through the mechanism of the block votes, the unions have long been in a position to have a decisive influence on the party manifesto. In most cases this arithmetical charade has not mattered all that much, partly because unions disagree among themselves on the right policies for Labour, but even more because, in the last analysis, the Parliamentary Labour Party has been an autonomous body, responsible to no one but itself and the electorate, and choosing its own leader.

From the point of view of those in the party who believe in representative democracy, the independence of the PLP was the ultimate guarantee that the worst conference lunacies would in practice be squashed by middle-of-the-roaders like Wilson and Callaghan. The smashing of that autonomy, by the conference decision to give members of parliament only 30 per cent of the votes in the election of their leader, has driven a dozen of them to plan a breakaway from the party entirely.

Yet is it not the case that the PLP is merely paying for its own collective failure—failure to maintain its own power-base through popular support across the spectrum of potential Labour voters, failure to deliver those policies in office which would enhance their political standing and discredit the extremists in the constituencies?

Sooner or later, a rupture was inherently plausible. The artificial construct of post-independence Pakistan always looked absurd. But it might have stuck together a bit longer, despite differences of language, climate and culture, and the intervening space of 1,000 miles of India, if the West Pakistanis had not also been determined to enrich themselves at the expense of the East Pakistanis.

The new situation in the Labour Party is not entirely unambiguous; it may yet be reversed. But even if it is not reversed, there are a number of possible blessings which may perhaps be counted. The first is that it may produce greater consonance between conference policy and PLP policy. Whether this implies a more sober manifesto or a more lunatic PLP is of secondary importance compared with the dishonesty of seeking votes on the barely stated assumption that the manifesto will *probably* not be implemented.

Responsibility

Secondly, it may concentrate the minds of the unions on the question of whether they do or do not want responsibility for Labour policies. As things now stand, that responsibility has been thrust upon them. It may not be an enchanting prospect. But at least the question has become unavoidable, and it is better than having a Len Murray assert, like a Chancellor in exile, the right to reflate the economy through a campaign of deliberately inflationary wage demands. In other words, the Labour Party may be in the last throes of becoming a labour party. The Swedish example, though no longer universally envied outside Sweden, is not all bad either.

All the news that's fit to print

FILM AND VIDEO

BY JOHN CHITTOCK

WITH RECKLESS abandon, I decided to take two weeks off over Christmas. The penalty was two Post Office sacks of mail on my return. Now, just recovering from that experience, ready to meet the next avalanche released by the ending of the Post Office's latest strike, I have been reflecting on the extraordinary range of activity which occurs during the fortnightly interval of these columns. Everything has become relevant, interactive or catalytic in the maelstrom of video, film, television and audio-visual aids. And money is always lurking in the background of the news somewhere.

My fortnight began at a Rediffusion lunch, where the topic of conversation inevitably focused on subscription television—due to start in UK later this year, with Rediffusion one of the contractors. Mid-fortnight yielded a tax demand higher than I expected; and last Friday ended—poignantly—with a videotape titled *An Inland Revenue Investigation*.

Now as I am self-employed, and the subject of this videotape—a newsagent shopkeeper—was likewise one of the overworked minority, I viewed this programme with morbid fascination. In case my own HMIT is reading this, let me hastily add that I think he's wonderful. I've not had a holiday abroad for years, and my accountant is an extremely dependable fellow.

The videotape in fact was made for the Institute of Chartered Accountants as a training aid (and, hurray, one of the ICA Committee responsible for it is a partner at my accountants—quite coincidentally). It is a simple story—a query over the newsagent's accounts because his annual profit, it emerges, is not enough to live on. His accountant attends an interview, with client, at the local HMIT office. And from that point on, the can of worms is inexorably opened.

Being self-employed, overworked, etc., I squeezed in a viewing of this one evening on my video recorder (which, it should be thus noted, is a legitimate professional item). In the time format normally associated with *Tales of the Unexpected* or *Coronation Street*, I found myself enjoying this, like an ordinary slice of fireside viewing.

It is obviously a training aid, rich in possibilities for a trainer to point out how the accountant has failed his client. And it is only a talking head situation. But with dialogue and acting performances of the highest professional standards, much of it wryly amusing, I hope it may find its way on to broadcast television. In a public slot, it might also serve as a warning to tax evaders, so that the rest of us don't have such high bills in future.

Broadcasting itself is not neglecting the frenetic interest in video, and apart from recording three radio interviews on the subject in the last two weeks I have also learned of at least four television programmes about video now being planned.

For the sponsored documentary film, the last stronghold continues to be defended by the British Industrial and Scientific Film Association, which last Thursday unveiled details of this year's festival (public screenings in London March 30 to April 10, with the festival proper at Brighton from June 9 to 12). BISFA is also taking the courageous step of organising the first International Video Festival in London at the National Film Theatre from May 13 to 15. Companies wishing to enter videotapes should apply quickly to BISFA for details (at 26 D'Arblay Street, London, W1V 3FH).

The last fortnight also witnessed the London presentation of awards in another video competition organised by the International Television Association, and my postbag contained a letter urging British participation at this year's U.S. Industrial Film Festival. Since Britain already sends in the highest overseas entry and carries off numerous awards each year, the organisers cannot reckon we are idle.

Video discs are also back in the news again. RCA has just announced that Hitachi is joining the SelectaVision camp and in June will start the U.S. marketing of players based on this RCA system. That is just further evidence of the aggressive and energetic drive RCA is putting into the launch of its system, while Philips seems to trail farther and farther behind. The Philips U.S. subsidiary, Magnavox, has reached only 30 markets in the U.S. with the player since its introduction two years ago, while Pioneer—also making its own version of the player for less than a year—is in over 50 U.S. markets.

Good U.S. news for Philips, however, is that Advent will be bringing out a compatible optical player in July, and the Korean company Gold Star will have its own version in the U.S. by the year's end.

From the U.S. also comes news of more films being released on video discs, such as Columbia Pictures with Philips-type laser discs of *California Suite*, *Close Encounters of the Third Kind*, *Midnight Express* and a number of other titles which demonstrate that the era of using video as a programme dustbin has now passed. Two of Columbia's releases carry teletext sub-titles which can be switched on for hard-of-hearing viewers.

Meanwhile, shivers go down the spine of the U.S. cinema business as some movies are now to be released on video only 90 days after their cinema release. And the U.K. company Island Records is producing a feature film in Jamaica, *Countryman*, which is expected to be released on video before its cinema distribution.

The trend away from film is growing apace. The 1979 volume of the annual British National Film Catalogue has just been published. This indispensable reference book for those in the business lists 2,944 films notified in 1979, of which 436 were available on video-cassette. Since the video revolution started to generate real heat only in 1979, I predict that the 1980 figure will show a great leap in video-cassette releases. When 1981 is through, video could be close to overtaking 16mm releases.

As a sign of loyalty to the old medium, I ended my fortnight by attending a premiere of a conventional 16mm sponsored film. This had all the hallmarks of sponsored film launches as they used to be—a full house early in the evening at a cinema that used to be popular for these occasions, and a buffet supper served in a style relating to the subject of the film.

Sponsored by an American trust, the Liberty Fund, this film is one of five made so far on the subject of economics, industrial prosperity and free enterprise. Some of these films are better handled than others, but they are often marred by allowing the case for capitalism and the market economy to become a propagandist point. *Hong Kong: A Story of Human Freedom and Progress* reveals by its title that this is no coolly objective investigation. We know before the start that the dice is loaded. The drab and wooden style of the American interviewer in the film, Professor Alvin Rabushka, increases the feeling that this is a litany rather than an appraisal.

But there's good to tell, as well. I asked the American director of the Liberty Fund why it had used a British company (headed by a woman producer) for all five films. "They don't do things behind your back, they deliver on time, and on budget." I didn't like the film. But for a Brit, I suppose I could not ask for a better end to my fortnight.

Uther Pendragon should stay

RACING

BY DOMINIC WIGAN

THE ABSENCE from the Belvoir Chase of last year's victor, Tuffnut Prince, and Dawn Fox, should make matters *considerably easier for* Uther Pendragon as he bids to follow up a recent Chepstow win.

The nine-year-old, ridden by John Francome, backed at 6-1 to regain the Jockey's Championship by Uther Pendragon's handler, Tim Forster, at the start of the campaign, showed notable tenacity on the Monmouthshire track. Driven into the lead two fences from home in the Grouse Handicap by that equally talented young rider, Stephen Smith Eccles, Uther Pendragon would not be denied, despite having to ward off a sustained challenge from Hobo.

This afternoon, Uther Pendragon, a close third of ten behind Justino and Pucka Fella at Devon and Exeter on his previous outing, is likely to find Baltic Love and Devon Mignon his toughest rivals. Baltic Love ploughed through hock-deep mud at Fontwell on January 19 to beat Jock's Bond by 1½-lengths in a selling handicap, while Devon Mignon, showing signs of returning to his peak, is not harshly treated with 11 st 1 lb.

Half-an-hour after the Belvoir, Francome, now a 2-1 on chance to justify Forster's ante-post voucher, must have another bright chance on Major Knight. This lightly raced seven-year-old, trained by Richard Head, for whom this has been a singularly unmemorable season to date, won well over hurdles at Chepstow 30 minutes after Uther Pendragon's success.

Major Knight, the length winner from Roadster there despite coming the longest way round, should break his duck over fences in the Thurnby Novices Chase if his jumping does not let him down. However, he will have to take his fences a good deal more cleanly than on his debut over the larger obstacles at Newbury on January 3.

It usually pays to row in with a hurdler trained by Josh Gifford, when it is dropped in class, and I hope to see Eddie bearing this out in the opener.

LEICESTER
1.30—Eddie***
2.30—Uther Pendragon**
3.00—Major Knight
3.30—Magnolia Lad
4.00—African Prince*

SEDGEFIELD
1.15—Coral John
2.15—Kenlis
3.45—Dom Perignon

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Fingerbobs. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround.
5.10 *Grange Hill.*
5.40 News.
5.55 Nationwide (London and *South East only*).
6.20 Nationwide.
6.45 Rolf Harris Cartoon Time (London and South East only).
7.15 Taxi.
7.40 Six of the Best: Alias Smith and Jones.
8.30 Seconds Out.
9.00 News.
9.25 Play for Today.
10.35 Omnibus.
11.28 News Headlines.
11.30 Platform One.

All Regions as BBC1 except as follows:

BBC Cymru/Wales — 11.38-12.03 pm Dechrau siarad. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Tom and Jerry. 7.00 Heddiw. 7.30-8.00 Pobol y cwm. 8.00-9.00 The Superstars. 12.00 News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-*12.45 pm The Scottish News*. 5.55-6.20 Reporting Scotland. 6.45-7.15 Indoor Bowls. 10.35 Current Account. *11.05 Omnibus*. *12.05* News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 As I Roved Out. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich)—Wooden Wonder; Midlands (Birmingham) — Know Your Place; North (Leeds)—Hometown (Doncaster); North East (Newcastle) — Heroes; North West (Manchester)—Sit Thi Deawn; South (Southampton)—Support Your Local . . . Writer; South West (Plymouth)—The Music Quiz; West (Bristol) RPM.

BBC 2

10.00 am Business World.
11.00 Play School.
11.25 Speak For Yourself.
2.30 pm Roads to Conflict.
†3.00 Illusions of Reality.
3.30 Living City.
†5.40 Harold Lloyd in "The Freshman" and "Never Weaken."
6.00 The Deceivers.
6.30 Cartoon Two.
6.40 Under Sail.
6.55 News Summary.
7.00 Tuesday Western: "Rancho Notorious" starring Marlene Dietrich.
8.30 Russell Harty.
9.00 Pot Black 81.
9.25 Ireland: A Television History.
10.20 Jake Thackray and Songs.
10.50 Newsnight.

BBC2 Scotland only—4.20-4.40 pm BZZZ (for children).

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Mallens. 3.45 Unforgettable. *4.15 Dr. Snuggles*. *4.20 Take a Chance*. 4.45 Ace Reports. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Ballyskillen Oprea House.
8.00 Sapphire and Steel.
8.30 George and Mildred.
9.00 Cover.
10.00 News.
10.30 "Pendulum" starring George Peppard, Jean Seberg and Richard Kiley.
12.25 am Close: "Sit up and Listen" with Sir Neil Cameron, Marshal of the RAF.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Out of Town. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 *About Anglia*. 7.00 *Unforgettable*. 10.30 Too Low For Comfort? 11.15 Kaz. 12.15 am A Norfolk Parson Visits America.

ATV

12.30 pm Gardening Today. 1.20 ATV News. *3.45 Looks Familiar*. 5.15 Diff'rent Strokes. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 1981 Butlin's Grand Masters Darts Championship. 11.45 Barney Miller.

BORDER

1.20 pm Border News. 3.45 Looks *Familiar*. 5.15 *The Electric Theatre Show*. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 10.30 Pro-Celebrity Snooker. 11.15 Our Little Town. 11.45 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and weather. 3.45 Looks *Familiar*. 6.00 Channel Report. 7.00 8.30 The Cuckoo Waltz. 10.28 Channel Late News. 10.36 Sunday, Sweet Sunday. 11.06 Pro-Celebrity Snooker. 11.50 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 12.30 pm Simply Sewing. 1.20 North News. 3.45 Looks Familiar. 6.00 North Tonight. 7.00 Welcome to the Ceilidh. 10.30 *Feature Film: "Thursday's Game"* starring Gene Wilder, Bob Newhart, Ellen Burstyn and Cloris Leachman. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 10.30 The Monte Carlo Show. 11.25 After All That, This. 11.35 The New Avengers.

HTV

12.30 pm Play It Again. 1.20 HTV News. 3.45 Looks Familiar. 5.15 Cross Country Detours. 5.20 Crossroads. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 "In Old San Francisco" *starring William Shatner.*

HTV Cymru/Wales—As HTV West except: 9.47-10.02 am Wales and the Sea. 10.48-11.03 Believe It Or Not. 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Gwesty Gwirion. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Mae'r Gallyn Oddi Mewn. 11.10 World in Action. 11.40-12.35 am Have Girls Will Travel.

SCOTTISH

12.30 pm Gardening Today. 1.20 News Headlines and road and weather report. 3.45 Looks Familiar. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 10.30 A Time to Live. 11.15 Late Call. 11.20 Kate Loves a Mystery.

SOUTHERN

1.20 pm Southern News. 3.45 Looks Familiar. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 10.35 "Die Screaming Marianne" starring Susan George.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 *North East News*. *10.32 Northern Report*. 11.00 Fantasy Island. 12.00 World's Apart?

ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News. 5.15 *Cartoon Time*. *5.20 Crossroads*. *6.00* Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster weather. 10.30 The Stanley Baxter Big Picture Show. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 3.45 Looks Familiar. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Benson. 8.30 The Cuckoo Waltz. 10.32 Westward Late News. 10.36 Sunday Sweet Sunday. 11.05 Pro-Celebrity Snooker. 11.50 Faith for Life. 11.56 West Country weather, shipping forecast.

YORKSHIRE

12.30 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 In Loving Memory. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 "The Death of Richie" starring Ben Gazzara.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. *9.00 Simon Bates*. *11.00 Andy Peebles*. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Talkabout with Adrian Love. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 The Leading Ladies (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 The Law Game. 10.30 Funny You Should Ask. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 10.00 Vestjysk Kammerensemble: Chamber music recital, part 1 (S). 10.50 Interval Reading. 10.55 Recital, part 2. 11.35 Mantle Childe piano recital (S). 12.10 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert, part 2 (S). 2.10 Canzone e Madrigali. 2.45 Capricorn: Chamber music recital (S). 3.25 Songs and Harpsichord Music (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 What Books I Please. 7.30 "Un Ballo In Maschera," opera in 3 Acts by Verdi, from the Royal Opera House, Covent Garden, Act 1 (S). 8.25 The Eternal Husband by Dostoevsky (abridged reading). 8.50 "Un Ballo in Maschera," Act 2 (S). *9.50 Running a University*. 10.20 "Un Ballo in Maschera," Act 3 (S). 11.00 News. 11.05-11.15 Stravinsky (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 *Today, including 6.45 Prayer for the Day*, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. *9.00 News*. *9.05 Tuesday Call (dress-making)*. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. *11.05 Thirty-Minute Theatre*. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Dorchester. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Good Soldier Svejk by Jaroslav Hasek (S). 4.00 Borderlands. 4.15 Committed to Paper. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Countryside in Winter presented by Wynford Vaughan Thomas. 8.35 Voices in Harmony (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 *Weather*. *10.00 The World Tonight*. 10.30 Earthsearch (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. *12.00 News.*

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. *10.03 The Robbie Vincent Telephone Programme*. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 *Question Time from the House of Commons*. 9.00-5.00 am Join Radio 2.

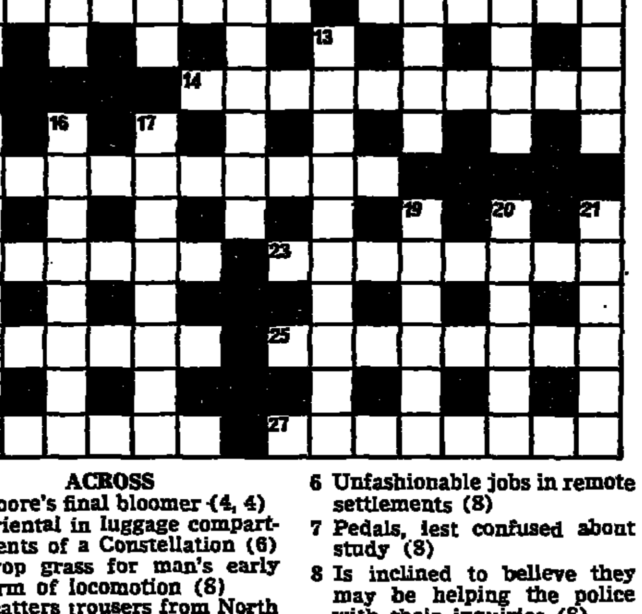
London Broadcasting

5.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am *Night Extra*. 4.00 Holiday Sunday. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 *Roger Scott*. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

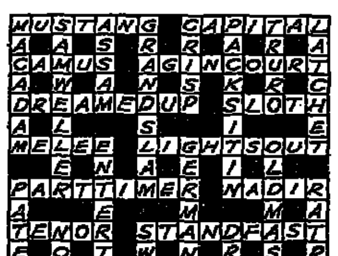
F.T. CROSSWORD PUZZLE No. 4,485



ACROSS
1 Moore's final bloomer (4, 4)
5 Oriental in luggage compartments of a Constellation (6)
9 Crop grass for man's early form of locomotion (8)
10 Scatters trousers from North to South (6)
11 John Bull's overseas connection (5, 3)
12 How little Mary may boil an egg? (6)
14 It's just something a little bird told me (5, 5)
18 After a month take a first class return to the racecourse in a Canadian province (4, 6)
22 It's better on the river (6)
23 Doubly desirous of attention, but expressing approval (4, 4)
24 Game in riddle form (6)
25 Watch aboard for the persevering (8)
26 Scraps we sometimes take a pot at (6)
27 Word of command that is politically biased (4, 4)

DOWN
1 Prison garage (4-2)
2 Celebrity going to church needs a stiffener (6)
3 One over fifty in a knot gets assistance (8)
4 Strangely old Ada owns a fragrant tree (10)
6 Unfashionable jobs in remote settlements (8)
7 Pedals, lest confused about study (8)
8 Is inclined to believe they may be helping the police with their inquiries (8)
13 Old socialite finds it on the way in, but there is no credit in that (5, 5)
15 Fish for the head in a ship (8)
16 Balanced diet upset at the close of day (8)
17 "'Tis better to be vile than vile ——" (Sonnets) (8)
19 Quips from experts (6)
20 "Full many a ray of purest ray ——" (Gray) (6)
21 Experts take it for health (6)

Solution to Puzzle No. 4,484



هكذا من الاصل

THE ARTS

Elizabeth Hall

Fires of London

by PAUL DRIVER

The Fires' recital on Saturday, conducted jointly by Peter Maxwell Davies and John Carewe, was not one of those atmospheric, engrossing occasions devoted to a major Davies chamber work or theatre piece, but it was as discreetly satisfying a presentation of substantial short works as the group has offered for some time. Six items, by Davies, Carter and two unfamiliar names, of uniform high quality, were arranged in a way that suggested interesting common themes, but did not labour them. The tone of proceedings was urbane.

Elliott Carter's infrequently played *Sonata for flute, oboe, cello and harpsichord* (1952) became the fourth in a sequence of the composer's instrumental works which has featured in Fires concerts over the last two years. The key-note of steely urbanity could not have been more suitably struck than by this piece. its three unusually shaped movements vividly demonstrating Carter's ability to evolve streamlined, dynamic music out of a static, neo-classicist context. Stephen Pruslin applied the appropriate delicate strength to the dominant harpsichord part, and guest oboeist Melinda Maxwell offset him beautifully.

The two new compositions, the Australian Ross Edwards's *Laikan* and Philip Grange's *Cimerian Nocturne*, both drew for content on rougher, darker, earthy sources, but contained themselves in no less classically elegant, in fact concentric, structures. *Laikan*, we were told, is an Old Gothic word for rhythmic vitality; although the outer folds of Edwards's piece more readily evoked moods of meditation and lament. Liveliness came, however, in the central movement's volatile transcription of a Madagascan folksong, played on the marimba with his usual visionary fervour by Gregory Knowles. Grange's work proposed itself as a nocturne of an other-than-salon variety, the Cimmerians being fabled dwellers in perpetual night, and the music's intensifying drum-beats intended to conduct us into the screaming depths. But the composer returned us decently to the surface again.

The concert was framed by Maxwell Davies's evergreen Purcell reinterpretations, the *Fantasia on One Note* and the *Fantasia and Two Pavans*, which are also ever-brilliant if played with faultless precision and a lot of style. Unfortunately on Saturday, violin and cello in the first pavan made it an unfunny blur, and the second barely redeemed it. Earlier we heard Davies's 1976 instrumental song-cycle to late ancient Greek texts, *Anakreontika*, sung well by Mary Thomas and in such a way as to restore a little of the hedonistic passion that Davies's icy setting has so thoroughly chastened into angst.

Royal Academy of Music

Belisario

by ELIZABETH FORBES

In 1972, to celebrate the 150th anniversary of its foundation, the Royal Academy of Music presented *Belisario* at Sadler's Wells Theatre. Now the RAM has again revived Donizetti's lyric tragedy, this time on the premises in the Sir Jack Lyons Theatre. The deft producer, Dennis Maunder, remains the same; designer, conductor and — naturally — student casts, are different. *Belisario*, the opera immediately following *Lucia* in the Donizetti canon, benefits from an excellent historical subject, the fall of the Emperor Justinian's general, Belisarius; a libretto, by Cammarano, offering scope for strong dramatic situations; and a score that in its depth of characterisation is as effective as any yet written by the 39-year-old composer.

As in many of Donizetti's operas, especially those with baritone protagonist, pre-echoes of Verdi abound: the father/daughter duet at the end of Act 2, and the trio in Act 3 in which Belisario and Irene are joined by Alamiro (tenor), the freed captive who turns out to be Belisario's son, are two fine examples. The voice of Geoffrey Dolton, who sings Belisario in the Academy's first cast, lacks brilliance but has much expressive tonal warmth, so he is more convincing as the blind exile of these acts than as the conquering hero of the first. Jean Rigby makes a sympathetic and tender Irene; Alamiro is a more conventional character, but Timothy Evans-Jones stresses his loyalty to Belisario.

Gillian Macdonald battles courageously with Antonina, Belisario's malevolent wife and false accuser; she is rewarded with a tremendous aria of repentance and, after the failure of the Bulgars' rebellion and Belisario's death have intervened, a glittering final cabaletta. Lawrence Wallinton makes a dignified Giustiniano, despite a tasselled cap more suited to a Victorian *paterfamilias* than a Byzantine Emperor. But the costumes are generally good, while Margaret Matthews has designed a useful split-level platform that does duty for court, prison or camp. The chorus sings with great spirit, and Gordon Kember, the conductor, obtains excellent playing from the student orchestra.

Festival Hall

RPO by DAVID MURRAY

As played on Sunday by the Royal Philharmonic Orchestra under Kurt Masur, Mozart's "Jupiter" Symphony didn't make good critic-fodder. No tricks, no quirks, no experimental delving into concealed corners of the score; mere clarity, just proportions (all repeats observed), unexceptionable tempi. One was so absorbed in what Mozart was doing as not to notice how Masur was transmitting it. That is not criticism.

The Suite from Berg's *Lulu*—four movements of it, for Jessye Norman did not as promised sing the *Lied* that should come in the middle—received equally temperate treatment. Very well prepared, the music revealed much unfamiliar lyrical detail, without aspiring here to full operatic power. It lost something through a backward piano, and the lightweight mass sound of the RPO strings (to which Masur had adjusted the dynamics of the rest of the orchestra, I suspect). The programme note was ill-informed about the final movement, which is *not* "an orchestral condensation" of the final scene: it comprises an orchestral version of Countess Geschwitz's aria, the second interlude from Act I, and lastly the music from Lulu's death-cry to the end of the opera.

Miss Norman was able to sing the Four Last Songs of Strauss. In fact she was able to sing them better, probably, than any soprano who offers them now in the concert hall. The golden warmth of the voice, the easy maturity of her delivery and her exemplary care with words represent an idea in this music; furthermore, she characterised the songs so subtly and distinctly that there seemed no question of "interpretation," but no sense either of a mere flow of lovely tone. Masur and the RPO were faultless accompanists. That much earlier Strauss favourite "Morgen" made a generous encore, but it wilts perceptibly in proximity to the late songs. People are too often content to remark the twilight glow of Strauss's septuagenarian (and octogenarian) music: its practised originality, inspired economy and deceptive density were all new, but they go unnoticed.

National Portrait Gallery

Chantrey's bequest by DAVID PIPER

"Sir F. Chantrey," said his successor as the grand old man of English neo-classical sculpture, John Gibson, "was a man of no genius, he had not received from nature the power of invention, nor had he been trained in the higher department of art."

The manufacture of public memorials, statues, effigies, busts in marble tends inevitably to the pompous, and the pompous is very soon found to be insecure on the brink of the absurd, or of, even more perilously, the boring. In fact, Gibson was no less prone to these dangers than Chantrey—Gibson of the Tinted Venus, of the pale statue of Huskinson, first man to be run over by a railway engine, brooding naked under his toga in Pimlico Gardens. (It was Gibson who observed that "the human figure concealed under a frock coat and trousers is not a fit subject for sculpture, and I would rather avoid contemplating such objects.")

Chantry, who died in 1841 aged only 60, is now having what must be his first one-man show ever, in the National Portrait Gallery. He was the most successful sculptor of his time. Born the son of a small tenant farmer and carpenter near Sheffield, he rose to fame, to a social acceptance salted by a bluff independence, and to enormous fortune. He died worth £150,000, which Dr. Alex Potts, organiser of the exhibition and author of the useful catalogue, assesses as equivalent to over £3m in today's terms. That fortune established the context in which his name is still most generally remembered. the Chantrey Bequest, the income of which is devoted annually to the purchase of works, thought to be outstanding, by artists working in Britain: a fund administered by the Academy, though the purchases go to the Tate, though in the past many have not been very warmly welcomed there.

Sir Walter Scott by Chantrey

His own sculpture is still ubiquitous, from Westminster Abbey to Armagh, from Calcutta to Trinidad. That it is equally noticed is certainly not the case. When did those amongst our readers who throng daily the hub of the City last take a long cool look at the figurehead who presides over it—the equestrian Duke of Wellington outside the Royal Exchange?

Who, in the West End, has recently stopped to appraise the equestrian of George IV in Trafalgar Square? Probably only those addicted to riding, noting with disapproval that neither King nor Duke has saddle or stirrups, while the royal attire for horse exercise is distinctly unorthodox. And on the whole marble portrait busts in an interior are noticed not for themselves but as accents in the general decor.

Chantrey's forte was the portrait bust, and within that category, the male bust. His women tend to the insipid. In his best male busts, it is precisely the lack of invention that Gibson deplored in him, that proves a great virtue, counteracted by a remarkable gift of selecting those traits of expression, of physiognomy, of posture of head on neck and shoulders that constitute a likeness—or at least convince posterity to that effect, creating a character. This shrewd observation was matched by the most remarkable technical virtuosity in reproducing it in obdurate marble.

For years in our own century, Chantrey's work was dismissed, along with the bulk of all nineteenth century academic sculpture, as negation of all true sculptural values. The work, it was said, was done all but entirely by (generally imported Italian) carvers, with the master adding a genteel polish — the reverse of the ideals of direct carving and truth to materials. This exhibition demonstrates very clearly Chantrey's practice, and presents a very strong case for its validity.

The sitter was first recorded in an almost schematic drawing, full face and profile; with the aid of a *camera lucida*. This served as a blueprint whence to establish the dimensions of the original, which was in clay. The clay would normally be modelled by the master; then a plaster cast was taken, and this again worked on and sharpened. At this point the studio took over, the marble was carved, with the aid of a pointing machine, from the plaster alongside. The master took over only for the last stages, the extraordinary subtle modulation of final contours and textures of skin, hair, and draperies. In other words, the essentials were entirely in the master's control: the initial model—though doubtless in some cases, studio hands might be involved in the draperies there—and the final finish. The in-between processes could entirely justifiably be left to assistants.

The quality of Chantrey's work is normally often veiled by waxing of marble, or by the dirt of ages, but often in the case of his best-known subjects, of which many versions exist, the repetitions—even though he charged the same price as for the originals — tend to be markedly mechanical in quality.

His most famous bust is probably that of Sir Walter Scott, but that is best known by the version in the Portrait Gallery's permanent collection. The version shown in the exhibition, from Stratfield Saye (commissioned by the Duke of Wellington), is of another order of quality, with a wonderfully vivid and vital presence that depends a great deal on minutiae of expression in eyes and mouth, and on the superbly subtle handling of the flesh, by which marble comes alive. It is of course a subtlety that it is almost impossible to photograph. Note too the ingeniousness of the merging of the regulation togo into Scottish plaid.

A few exhibits other than busts are shown. Sheer weight, bulk, fragility add up to insuperable problems of transport for statutes, the great church monuments, the equestrian figures. Two of Chantrey's most delightful statues have nevertheless been moved. One is the Lady Louisa Jane Russell, from Woburn Abbey. A child on tiptoe, she clasps her favourite dove to her bosom, which sounds a recipe for mawkishness, but mawkishness is avoided with consummate delicacy by a hair's breadth. The other, the seated figure of Lady Liverpool is in fact an effigy (from All Saints, Kingston), a touchingly elegant portrait of a young lady of fashion contemplating eternity as if in a drawing-room, in confidence that all will be well.

The bust is a strange convention. The Greeks are said never to have used it, and the Romans to have been the first to chop head and shoulders from the trunk. In a painted portrait, even if to shoulders or waist only, imagination supplies the rest below the frame. In the sculptured bust, the reconciliation of the truncation with the base is critical and very delicate. Only too easily a toga'd statesman can seem to surge from the most usual circular base or socle as if a bloodless lobelia from a flower pot.

Chantrey's tact is usually admirable, but sometimes using the alternative of a square-cut herm base, is even happier. His Wordsworth seen here in the original plaster, is a case in point; the ideal portrait of the essential poet—more like Wordsworth than Wordsworth himself, said Coleridge. But Chantrey was at his best also with men of science, with surgeons, with the inventors and industrialists of the Industrial Revolution. James Watt in old age, a massive head stooped a little forward, as if the formidably powerful yet benign head of a great steam hammer.

Watt incidentally is shown in context with a massive specimen of industrial archaeology, for the exhibition is mounted, slotted into the permanent display of the Regency rooms of the Gallery—an ingenious and successful solution to the problem of exhibiting busts en masse, and also allowing some absorbing juxtapositions of a sculpture and a painting of the same sitter. These underline the remarkable quality peculiar to the monochrome bust in lucent marbles: that of distilling, albeit in solid three-dimensional mass, the essence of a physical likeness, fixing it for eternity with all the ephemeral accidents of flesh and blood drained clear away. At its best, when of high quality, this can most movingly capture the spirit in the physical presence.

At the National Portrait Gallery till March 15, then Mappin Art Gallery, Sheffield, April 4 to May 17.

Covent Garden

Berganza

by RONALD CRICHTON

The Opera House varied the Sunday recital routine at the week-end by inviting the Scottish Chamber Orchestra under Roderick Brydon to accompany Teresa Berganza in arias by Haydn and Handel to play two substantial works on their own account The concert was part of an extended tour by these artists, at home and abroad. The Spanish mezzo gave a masterly demonstration of the singer's art, the more masterly because the instrument is not quite what is was — there are tiny flecks on the line now, hints of pressure and some dryness at the lower end of the range.

These things mattered not at all beside the poise, coolness and simplicity of utterance that come from a strong temperament under firm control, the ability to work with eyes as well as voice (this last gift somewhat reduced in effect on Sunday by the use of a music-stand). The Handel arias were three of Ruggiero's from *Alcina*, an opera which Berganza sang at the Aix Festival not long ago with this much-travelled orchestra. Each one was precisely and sharply focused. The Haydn pieces were insert-arias for Cimarosa operas—light comedy done with deliciously mischievous understatement.

Ideally Haydn would have gone better in the second half, after Handel. The *Alcina* arias were sufficiently varied in mood to follow Haydn's sombre, uneasy F minor "Passione" Symphony, with which Mr. Brydon opened. The Covent Garden curtain stole some of the life and lustre out of the orchestra's string tone, though what was left, here and in Dvorak's Czech Suite at the end of the programme, was of good quality.

The mixture of solo voice and chamber-orchestral music is welcome. Among other advantages the arrangement brings a chance of hearing works like these, belonging to a repetory more or less ousted from South Bank programmes by middle-brow priggishness about music that could possibly, appropriately or not, be classed as "light music."

BBC-1

Sense and Sensibility

by CHRIS DUNKLEY

The commonest theory explaining the popularity of costume drama on televsion is that in our loathing of the present we burrow into the past to shelter in an age of stability. Yet very often the content of such costume dramas, exemplified by Alexander Baron's teatime serialisation of *Sense and Sensibility* which started on Sunday on BBC 1, doesn't sustain that thesis.

Perhaps we develop an impression of unchanging tranquility from the *matériel* of horses and carriages, bonnets and crinolines whose expert deployment we have come to expect. Sure enough director Rodney Bennett and designer Paul Joel have made this work appear wonderfully 18th century (complete with what looks suspiciously like a portrait of Jane Austen in Barton Cottage). But it is surely we who ignorantly infer changlessness from such things; we miss the fashionable detail on the squire's carriage which has just outmoded everybody else's like a new Cortina model.

When it comes to human foibles Jane Austen's characters suffer as much from the unexpected as any latterday unfortunate. There is nothing very stable about being "degraded to the condition of visitors" in your own home as were the Dashwood ladies in Episode 1. The repetitive Austen theme of the powerful relation "exercising the privilege of riches over a poor dependant" is made utterly explicit in Episode 2: the calm continuity notion really does not stand up.

If we must have some ulterior explanation for the popularity of such material a better one would be that with costume drama television achieves the distance necessary to deal compassionately with middle-class problems. In the context of the modern world, which television depicts so exhaustively, middle-class problems look prissy and irrelevant beside the troubles of a *Cathy* or an *Edna*, not to mention the mass agony of the Third World. Yet the middle classes find their own problems real enough.

In *Sense and Sensibility* they are given life by Irene Richard as Elinor, Tracey Childs as Marianne, and Diana Fairfax as their mother, a trio so impressive that it is almost invidious to single out Irene Richard for her portrayal of someone who not only looks but feels as though she had stepped from the period.

Though the first two of the seven episodes just miss the painterly lyricism with which *Pride and Prejudice* was brought to the screen last year, they do achieve that same authentic feel of the right figures in the right landscape.

Round House

Electric Phoenix by DOMINIC GILL

Since Electric Phoenix was founded nearly three years ago, they have built up a sizeable repertory, much of it specially commissioned, for four solo (SATB) amplified voices; and the group's very high standard of performance, more lively and polished at every appearance, has been justly acclaimed.

When such a close-knit ensemble loses half of its original members at a stroke, as the Phoenix has done since I last heard it a few months ago, the high gloss of three years' familiarity, and three years' intensive rehearsal, is bound to suffer for a while. By the autumn of last year they had worked up one of their cleverest and most successful party-pieces, a set of four *Madrigals* by William Brooks, fiendishly difficult to sing but also richly rewarding, into a splendid tour de force. Their performance of the *Madrigals* with two promising new members, at the start of an Arts Council Network tour on Sunday night, was no more than a pale shadow by comparison.

The deathly acoustic of the Round House hardly helped; nor either a sound-projection system arranged unusually in the round, so that all homogeneity of vocal texture was lost. Two works of the programme were new. Tim Souster's *Mareas* embellishes two Neruda poems about the ocean with vowel melismas and a tricksy four-channel tape. The effect is essentially that of prettification: sophisticated pop-Neruda, quite nice to listen to, at 16 minutes somewhat repetitive, and deep down very shallow indeed.

I had imagined Rolf Gehlhaar's recent *Pas à pas* for IRCAM in Paris to be an aberration, strictly temporary, in the name of high technology; but his new *Worldline* for the Electric Phoenix has me worried. It is an interesting experiment drowned in gadgetry. For nearly 27 minutes, four voices send their impulses through a ring-modulator, a bandpass filter and a variable-delay line, to produce a very respectable catalogue of special effects. But the work, as a finished musical product, *sounds* extraordinarily thin: a veritable engineer's listing, like one of those tape-pieces from the fifties and sixties produced by lab technicians given the freedom of the studio. Experiment is exciting, but it has its place. It will be encouraging, and a relief, if Gehlhaar—who is after all *a* real composer, and there are few enough around—at his next concert offering leaves some of the wires and circuits behind.

National Youth Theatre needs £70,000 to survive

The National Youth Theatre, needs £70,000 if it is to survive. That is the price it must pay to keep its headquarters, the Shaw Theatre in London, now that the Arts Council has withdrawn financial support.

The target was announced last week by NYT founder and director Michael Croft, after a meeting between NYT representatives and Camden Council, owners of the Shaw.

The council gave the NYT six weeks to prepare plans for running the theatre without Arts Council grants, the NYT stated. Mr. Croft said: "The onus is on us to raise the money to show that we can keep our writ on the theatre."

The problem has been made worse because the Shaw Theatre company, which shares the Euston Road premises with the NYT, has also lost its Arts Council grant and is having to close.

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Guidelines on export credits

THE International Arrangement on Guidelines for Officially Supported Export Credit, the Consensus, is being eroded with increasing speed. Signed in 1978 by 22 OECD nations, it was designed to provide a framework of discipline for the financing of capital projects where long-term credit is necessary. The agreed level of interest rates for the credit has become progressively more unrealistic as market rates for money have moved higher. More seriously, a blurring of the distinction between aid and credits has meant that exporters are jumping through a loophole in the Consensus.

Interest rates

This is the contentious area of mixed credits for which the Consensus made scant provision. Mixed credits combine commercial credit, offered at Consensus interest rates, with aid, offered at a more concessional interest rate, so that the net cost to the borrower is appreciably lower than in a normal Consensus deal.

The more use made of mixed credits, the greater the threat to the discipline of the Consensus and the more costly a project to the exporting country. The world's leading industrialised nations had this in mind at their economic summit meeting in June last year, when they decided they wanted to avoid a damaging export credits race.

They have failed to translate their wish into action. The race is being run, with France leading the pack. Others have followed and in recent weeks there has been a new determination to catch up. The British Government is putting aside funds to meet the additional costs of offering packages at lower interest rates for selected projects and has broken new ground with a general line of mixed credits for capital projects in Malaysia. This follows Canadian and Dutch moves to enlarge special funds so that they too may be more competitive in offering mixed credits packages.

Every step taken along these lines, however defensive the intention, beds the system in a little further and makes it more difficult to control. Indeed, mixed credits may already have become a permanent part of international financial arrangements. To some extent this is a result of the recession. Governments are prepared to support their contractors more generously than would otherwise be the case because project winners channel work into hard-pressed factories at home.

But the contractors are working in a buyers' market, and some buyers—like Egypt—have become so used to mixed credits that they are reluctant to accept deals without them. Buying countries have become very skilful in playing off one financial package against another.

Yet mixed credits are both bad aid and bad business. As aid they lack the generosity of an outright grant and they tie the recipient into buying goods which might not necessarily be the most cost-effective. As business, they add a further element of subsidy, which in itself distorts competition.

Ideally they should be banned altogether. But it is probably too late for that, in which case it becomes a matter of urgency to ensure they are embraced by the Consensus as the most convenient vehicle for administering a set of guidelines. If they remain outside the Consensus, competitive pressure may force their use more and more, precisely because they are unregulated.

Clear standards

There needs to be definition of the type of countries where mixed credits packages would be allowed. There should be a clear standard on how mixed credits packages should be structured — how much aid and how much commercial credit. A decision on whether the aid portion of the package should carry interest is necessary—and if interest is to be charged, it should be obvious under what circumstances. This leads into the difficult question of which projects are aid-worthy and which are not.

All of this adds up to a tall negotiating order, especially given the rigid positions which have been adopted in the Consensus talks on export credits reform. The key to unlock movement lies in Paris, where attitudes so far have been unbending.

If that key is to be turned, France will have to be offered a quid pro quo. It could be worth probing French thinking to see whether the Paris authorities might be attracted to bringing into the Consensus presently excluded sectors like nuclear power and aircraft. In both of these areas France is seeking export expansion and might welcome a more disciplined trading environment.

But the main incentive for bringing mixed credits into the Consensus remains the fact that, however aggressive exporting policy might be, there comes a time when the whole matter becomes too expensive. Ultimately, buying business is futile.

Common sense on business rates

BUSINESSMEN are justifiably incensed about the prospect of local rate demands which may rise by up to 75 per cent in some places this year, and are naturally inclined to blame their own local authorities for this state of affairs. In an effort to assert some local control, some of them are demanding local votes, and have enjoyed some high-level political encouragement to take this idea seriously. It is a sign of something like desperation that Ministers should countenance a proposal which is likely to prove as ineffective as it is anti-democratic to divert attention from the real causes of complaint.

Reform

Under any acceptable rules, a business vote would simply be a vehicle to express indignation. It is not clear whether its proponents want to give businessmen the option of voting in their place of business rather than their place of residence, or to reverse the whole trend of electoral reform, consolidated in the Representation of the People Act of 1969, of one man, one vote. In practice, it would make little difference, since a rule of one business, one vote would have no perceptible impact on voting patterns. To award votes in proportion to the rate burden, on the other hand, ought to be unthinkable. Even before the Reform Bill of 1832 rotten boroughs were the exception; this change would come near making them the rule.

In any case, the indignation is ill-directed; the violent changes in the rate burden this year have very little to do with local spending habits, and everything to do with the arbitrary results of the chaotic "reform" of local government finance. With new anomalies appearing almost every day—the latest of which reveals that some authorities have been heavily penalised for economical housing management and for carrying out Government policy through the sale of council houses—this general point hardly needs much more labouring. Presumably the formulae in use will be amended in the light of experience, correcting mistakes which should have been eliminated before they were introduced, and producing a second-year of counter-shocks and disruption.

The real trouble, however, lies deeper. First, successive governments have actually reduced local support for thrifty administration in their search for centrally-imposed discipline. This is the result of throwing new burdens and penalties onto local authorities, and then sheltering domestic ratepayers—the great bulk of voters—from the consequences, through general support and individual rebates. The total burden is now more than a bad tax can well support, yet for many voters high spending and high rates represent good value. Effective local control, which is the Government's stated aim, requires that the total burden be reduced to a tolerable level, but that marginal increases hurt.

Agriculture

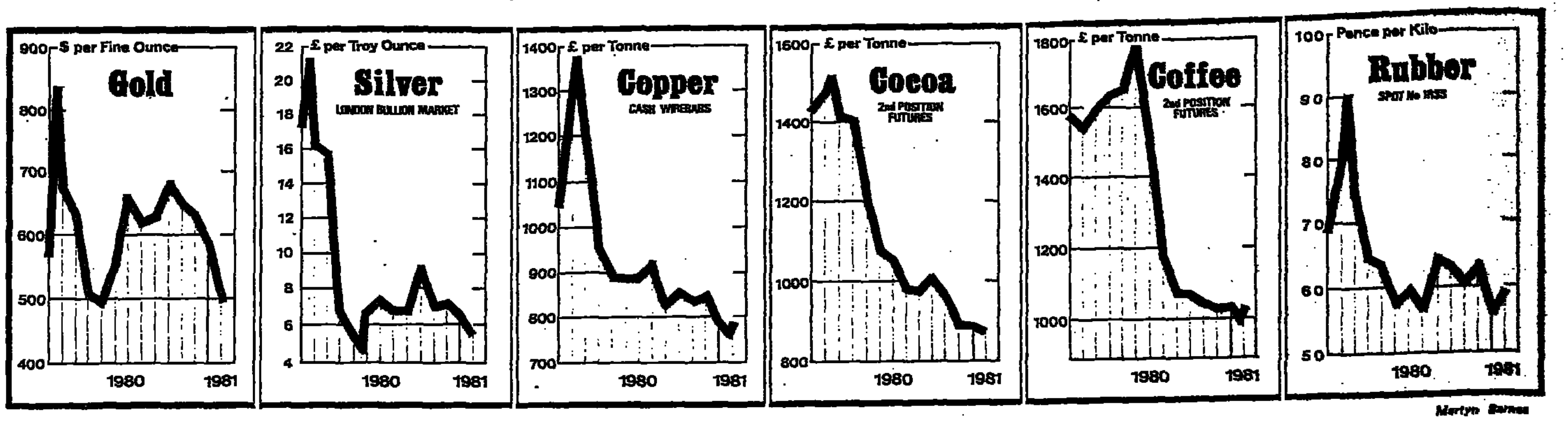
One particular anomaly has intensified the pain this year. Urban authorities, where most businesses pay their rates, have been robbed to compensate the shires. Instead the de-rating of agriculture, which makes little sense under EEC rules, should have been phased out.

None of these proposals will do anything to lessen the burden of 1981 rate demands (any more than a voting reform would do), and the administrative juggernaut which is causing such random damage now seems unstoppable. Only the Chancellor can decide whether the Government should compensate industry in what is in any case a desperately difficult year through a once-for-all relief for those who have suffered exceptionally large increases, in the hope that a more rational system will prevail by 1982. Failing this, the claim for special relief in some industrial disaster areas, where closures have sharply reduced rateable value, deserves attention.

THE COMMODITIES SLIDE

The markets wait for Reagan

By John Edwards, Commodities Editor



Martyn Barnes

THIS year could hardly have started on a worse note for producers, and traders, of primary raw materials. The recent decline in the price of gold is only part of the story. Other precious and base metal markets are suffering hard times. So are most agriculture "soft" commodities, including the high flyers of 1980—sugar and grains.

A comparison of current prices with a year ago shows spectacular falls. To be fair, the comparison is exaggerated by the fact that at the beginning of 1980 the commodity markets were grossly overheated by the artificial boom in silver, engineered by Texas oil billionaires — the Hunt family — and associates. The speculative boom which subsequently collapsed in February and March, helped push gold to record levels and also greatly inflated virtually all other metal and commodity markets.

Nevertheless, there is no doubt that commodity prices have been under tremendous downward pressure during the past year as a result of the economic recession in the industrialised countries.

High interest rates, especially in the U.S., which is the biggest user of raw materials, have persuaded consumers to cut their stocks to a bare minimum and discouraged investment in new plant and equipment. Spending on foodstuffs and products requiring raw materials has been under pressure too. So demand for commodities generally has sunk to a low ebb, creating buyers' markets.

Metals have been most directly effected by the downturn in investment by metals-using industries, notably steel. The fall in gold prices may receive most publicity, but the decline in other metals is, perhaps, more dramatic.

In February last year copper prices on the London Metal Exchange soared above £1,300 a tonne—the highest-ever level for the three months quotation, although cash wirebars reached £1,400 in 1974. Now the market is below £800 and recently fell close to £750. And this is despite a longer-than-expected strike by U.S. copper workers last summer which was nullified by a decline in demand.

Similar comparisons can be made for lead, tin and free-market aluminium (that is aluminium prices not controlled by the producers). In precious metals free-market platinum has fallen from a peak of over $1,000 an oz last March to its present level of around $450.

Admittedly the free market in platinum, as in aluminium, accounts only for a small percentage of supplies with the bulk of sales at prices fixed by the major producers. But free market prices are a good indicator of the underlying state of the market.

The message the markets are giving is quite clear. Prices have been hit, both by a severe downturn in demand and a sharp cutback in speculative interest, which played a large part in boosting values last year. The sell-off by speculators, notably in the U.S. where the high interest rates provide much more attractive investment opportunities than gambling in commodities, has been felt in virtually all markets, not only metals.

A leading sugar trader—Mr. Michael Attfield of Tate and Lyle—was asked last week why world sugar prices had fallen when there was supposed to be a shortage. He advised the questioner to look at developments in gold, interest rates, money markets and politics and not to bother about the supply-demand situation in sugar.

Grain traders in Chicago could give a similar answer. In both cases trade "experts" were predicting a further surge in values based on supply-demand projections. Instead, the markets were hit by a wave of selling and several commodity funds were wiped out as a result in "black" December.

Other leading agricultural commodities—such as cocoa, coffee and natural rubber—are suffering from a surplus of supplies as well as a withdrawal of speculative interest.

An interesting exception, however, to the general gloom has been the performance of wool. Prices have remained stable, and in fact now appear to be on an uptrend, despite the poor state of the textile industry.

Cotton, too, has held remarkably steady. Its price is still above that of a year ago, although it has fallen quite sharply recently.

The explanation for this surprising stability during a time of industrial recession appears to be that the cutback in supplies, as a result of drought in Australia (wool) and the U.S. (cotton) has compensated for the drop in demand. At the same time both these natural fibres are benefiting from the rise in oil prices putting pressure on their oil-based synthetic rivals.

Cocoa and coffee producers are suffering for a similar reason. There are more than adequate supplies available for a very unresponsive market, where consumers are encouraged to keep their stocks at rock-bottom levels in view of high interest rates and few worries about the availability of their raw materials.

President Reagan's actions are likely to be the dominant influence in the world commodity markets . . . decisions on how to deal with inflation and the problems of the economy against a background of rising oil prices will decide the trend in most commodities.

Attempts by both cocoa and coffee producing countries to control the markets themselves ended in failure and, if anything, worsened their position.

First to try were the South American coffee producers who formed the Bogota Fund (later renamed Pancafe) to buy up surplus supplies off the markets and keep prices up in that way. They had an early success in the summer of 1979 when a minor frost in Brazil brought a surge in prices and enabled the Fund to increase its initial capital of $400m considerably. But these resources quickly dwindled away in the face of bumper crops, with a relatively small shortfall in Brazil, and reduced demand.

The lack of frost in the 1980 summer period was the final blow. Producers had to abandon the Fund at the insistence of the U.S., which otherwise refused to join the new International Coffee Agreement eventually negotiated in October.

The agreement, which operates by restricting exports under a quota system, has stopped the decline in market prices. But it effectively shifts the burden of carrying surplus stocks to the producing countries.

Cocoa producers have suffered even worse from their ill-fated attempt to control the market launched in late 1979.

The resultant acrimony between producers themselves, and consumers annoyed at the attempted unilateral control of the market, led to the breakdown of the International Cocoa Agreement in March. But political pressure, taking into account the importance of commodity agreements between industrialised and developing countries as part of the North-South dialogue, led to a new agreement being negotiated.

However, so far both the Ivory Coast and the U.S. have refused to join. Ivory Coast argues that the planned "floor" price of 110 cents a lb is too low, while the U.S. considers the "floor" much too high. Current cocoa prices are below 95 cents.

There is considerable uncertainty whether the agreement wil lin fact, come into force effectively. The Ivory Coast, which has most to gain, may change its mind, although so far it has been adamant in its opposition. However, the attitude of the U.S. under the Reagan Administration towards commodity agreements in general still remains to be seen.

The U.S. has committed itself to contribute to the controversial UN common buffer stock fund that is supposed to help finance international commodity agreements. It would be difficult to withdraw that pledge now. But if Mr. Reagan follows the line adopted by the Thatcher Government in Britain, then little progress is likely to be made in further commodity pact negotiations.

Britain has emerged as the "hard" man—a role previously ascribed to the U.S., Japan or West Germany — a surprising change of attitude from a country with such strong links with the developing world through the Commonwealth.

The "free market" philosophy, traditionally favoured by the U.S., is that it is wrong and dangerous to seek to control commodity prices by artificial means. A return to that viewpoint seems a natural one for the Reagan Administration.

President Reagan's actions are likely to be the dominant influence in the commodity markets in the months ahead. First of all, there is the question of the embargo on grain sales to the Soviet Union, imposed last January in protest at the Russian invasion of Afghanistan.

Mr. Reagan attacked the embargo during the election campaign as being unfair to American farmers. Now he is having second thoughts. The very poor 1980 Soviet grain harvest, despite all efforts to boost production, has made the U.S. refusal to sell much more important.

However, the embargo does not change the world supply-demand situation, and the Russians have had a good deal of success in obtaining their grain import requirement from other sources.

It comes down to a question of swopping. U.S. grain exports are being diverted to markets previously supplied by exporters who have switched sales to Russia. So the overall balance is undisturbed.

The urge to buy, and speculate in, commodities has been considerably diminished by the high interest rates and the recovery in the value of the U.S. dollar. The declining value of the dollar—and of "paper" money generally—has been the major attraction of the commodity markets for speculators.

Raw materials, with an intrinsic basic value, may not pay interest or dividends but they have been favoured as a safeguard against inflation and currency changes.

The latest craze in the U.S., now spreading to Europe, has been to invest in so-called strategic metals—like cobalt and tungsten—which have uncertain supply sources with production concentrated in a few areas while they are vital ingredients for many key industrial products. However, the economic recession has averted any serious shortages developing for the time being at least.

The difference between the present commodity depression, and the previous one in 1974-75, is that on this occasion there has not been the same build-up in surplus stocks.

The high interest rates have reduced consumer stocks to low levels, so once demand picks up again there is little margin for safety against shortages developing and prices rocketing up.

Commodity traders have resigned themselves to a quiet, depressed first half year in 1981, contrary to the excitements in the first half of last year.

Equally, they hope for a revival in the second half this year, though that might be delayed until 1982. If Mr. Reagan's battle against inflation fails, it could mean a return to gold fever as the dollar comes under pressure again, and an explosion in commodity prices, especially if Russia suffers another bad harvest and the threatened shortage of grains develops.

After the traumatic events in 1980—ranging from the grain embargo to the rise, and collapse, of gold and silver as well as other commodity markets—it seems likely that 1981 will turn out a dull year before the markets climb up again in 1982.

MEN AND MATTERS

Gunnar shoots for the ratings

"I suppose I'm a sort of Katangan mercenary of television," says Gunnar Rugheimer, the burly Swede who has captured Gone With The Wind and 56 other MGM films for the BBC at a cost of $10.55m.

Operating for the past 11 years unde the more prosaic title of general manager, programme acquisitions, for the BBC, Rugheimer is the man who brought Dallas, Kojak and Starsky and Hutch as well as many more artistic but less memorable foreign programmes to our screens.

But no coup seems to have given him greater satisfaction than snatching the Clark Gable-Vivien Leigh epic from ITV's clutches by offering $50,000 more.

"Our great problem today is finding films and series that offer entertainment for the whole family," Rugheimer tells me. "This package is remarkable . . . it should have tremendous viewing appeal."

Gone With The Wind, probably the most successful box-office film ever made, has never been shown on British television. America's NBC paid $5m in 1976 for one TV showing. Later CBS paid $35m for a 20 year option on the film which it has screened twice. "The viewing figures on each occasion have been fantastic," says Rugheimer.

Which suggest the BBC might be tempted to save it until next January 1 to welcome the new ITV companies into business? "That's a military secret," he laughs.

Rugheimer, whose negotiations effectively set world market prices for U.S. television programmes, joined the BBC after a unique international TV career.

He left Sweden for Canada in 1946 and was one of six young men chosen for training as producers to set up the CBC television service. He became programme director of its English network.

In 1957 he went to Dublin as controller of television for Telefis Eirean and then moved again to become deputy chief news editor of Swedish Broadcasting.

Now, at the age of 57, he keeps a close eye on programmes in all the major TV production countries. But his twice-yearly forays into the U.S. —"first to reconnoitre . . . then to buy"—are critical for the BBC's future schedules.

"Competition for the better programmes gets fiercer each year," he tells me. "And U.S. companies now want to package them with other rubbish. There's a limit to what we can absorb . . . but negotiations can be neurotic."

"Underarm is OK by me!"

Wave power

Public sector trouble-shooter Sir John Cuckney is turning his guns seawards to fire a warning shot across the bows of maritime fraudsters. Cuckney, who found his sea-legs as chairman of the Mersey Docks and Harbour Board and more recently of the Port of London Authority, becomes the first chairman of the International Chamber of Commerce International Maritime Bureau, a worthy if long-winded name for a body serving the lively purpose of watchdog against the heisters and shysters of the seas.

The IMB is primarily "a focal point and a clearing house for information," explains its director Eric Ellen, former chief constable of the Port of London Authority Police. It trains members on fraud prevention, issues early warnings on shady dealers, supervises cargo loading and, if all that fails, will help you find out if you have been "had," how, and how badly.

The last decade has seen a dramatic internationalisation of marine fraud, necessitating concerted preventitive action by bodies like the IMB. The growth of containers in particular has stimulated local fraudsters to widen their nets, in what is evidently a profitable calling for a bright young fellow. One Greek is reckoned by Ellen to have made over $45m by maritime fraud, and remains at large despite being wanted by a number of police forces.

Applied science

Getting a top executive job is not always just a matter of having the best track-record and qualifications. According to the head-hunters, success or failure can still turn on such quirky questions as the way you hold a steak knife, your golf handicap or your height.

"I just don't trust people who own Bentleys," one company chairman told Robert Arkle, head of Robert Lee International, rejecting a candidate put forward by the firm.

And Arkle, responding to a survey of similar pitfalls by International Management magazine, recalls cases in which other candidates were rejected because they failed to wear cufflinks or smoked cigars.

Prior warning seems to be the only way to deal with such idiosyncratic demands. Arkle says that one of his client companies for 20 years would not consider anyone who was not 1.8 metres tall, handsome and deep-voiced. "The members of the board of this company all have these attributes."

Belgian head-hunter Robert Gilneur says that an otherwise ideal candidate for European sales manager of a U.S. company was rejected because he had a golf handicap of two. The boss, who played off 14, argued that any golfer who was so good must spend too much time playing.

But the same candidate immediately got a job with a Belgian company. Its chairman, who played off 24, reckoned that not only was he getting a good sales manager but a man who could also improve the whole management's golfing standards.

A candidate's drinking habits are frequently carefully weighed in the balance. Too much alcohol can lead to disqualification—but so can too little.

A potential executive refused all wine and spirits offered at an introductory board-room lunch. He did not get the job. "The final straw came when he didn't drink his orange juice," one of the directors explained.

Golden rule

While Nancy changes the White House furnishings, President Ronald Reagan is doing his bit to restore an aura of elegance and dignity by re-writing the rules for Press conferences.

The free-for-all system that encouraged reporters to stand in front of television cameras, waving and shouting to capture the President's attention is to end.

Press Secretary James Brady says, in future, reporters will sit in their seats, raise an arm "and above all remain silent."

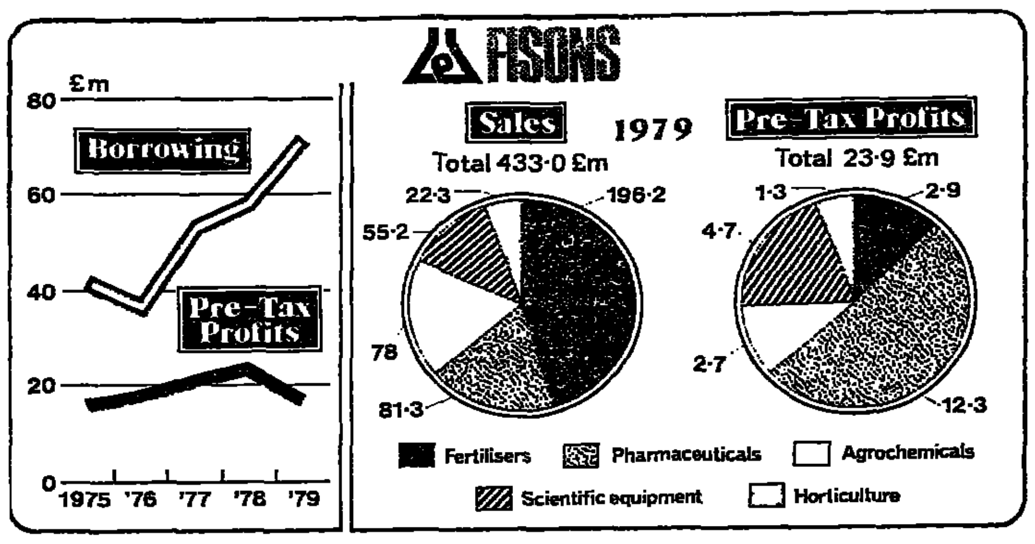
Observer

Sue Cameron, Chemicals Correspondent, looks at a chemicals group which now appears to be under pressure from all sides

A setback Fisons could ill afford

MOLECULAR ROULETTE—the drug industry's term for testing thousands of chemicals in the hope that one will prove to be a safe, sure remedy for disease—is played for high stakes. And right now it appears that UK-based Fisons could even lose its corporate shirt at the game.

> Since 1967, Fisons has tried to expand in growth areas, notably drugs. Pharmaceuticals accounted for more than half the group's profits in 1979, but patents on the asthma treatment, Intal, start to run out next year. The abandonment of Proxicromil, a new anti-allergy drug, is a bitter blow for the group.



Marion Sedger

Fisons put £12m and six years' research into a new anti-allergy drug brand named Proxicromil. The launch was planned for later this year and industry experts predicted that Proxicromil could be supplying around 50 per cent of the group's total profits by the late 1980s. But last month the new drug had to be totally abandoned when final tests showed it to be unsafe.

The failure of the Proxicromil project can be attributed to sheer ill fortune. But the same cannot necessarily be said of the overall business policy that Fisons has been pursuing for the last 15 years. The risks there have been much clearer from the outset.

The die was cast in 1966 when Sir George Burton became the group's chief executive. Sir George wanted to do three things:

- Reduce Fisons' dependence on fertiliser sales which then accounted for some 80 per cent of the group's total business;
- Expand into what he and his team of corporate planners had identified as strong growth areas—notably drugs;
- Get rid of some of the ill-assorted acquisitions that the company had made over the years.

Sir George raised £12m by selling off various companies such as Murgatroyd Salt, a chemicals concern that went to British Petroleum, and Pickerings, a convenience food company that Fisons had bought after its bid for Crosse and Blackwell failed. The money was used to build up the group's pharmaceutical business and later to increase its research effort in agrochemicals.

The aim was to be big. Sometimes the group opted to be big in a fairly small pond but always the objective was—and is—to be first or second in a particular market.

It is thought to be first — worldwide — in the somewhat narrow field of drugs for the treatment of asthma and it ranks second in the UK fertiliser market. It also claims to be the "biggest horticulture company in Europe" as well as "number one or number two" in the sugar beet herbicide market and four or fifth worldwide in scientific equipment.

But despite the leading position it holds in these markets, the fortunes of almost all its major businesses are flagging. The failure of Proxicromil was therefore a particularly devastating blow.

Six days before it halted the Proxicromil project, Fisons announced plans for a "fundamental restructuring" of its fertiliser division which in 1979 still accounted for 45 per cent of group sales though only 12 per cent of pre-tax profits.

Some would say the rationalisation move came not before time. For there is growing evidence that Fisons' resources have been too thinly stretched—particularly for the type of operations it runs. Fertilisers is a bulk business where scale and price are vital—yet Fisons has invested little in this sector over the past 15 years because it has been concentrating on its other operations, particularly drugs.

It went into drugs partly because the sector seemed to require comparatively little initial capital expenditure, compared with that needed to build a new fertiliser raw material plant. But both pharmaceuticals and agrochemicals have proved to be businesses requiring huge and ever-increasing research investment in order to be successful. Perhaps it is not surprising that Fisons' borrowings have climbed steadily.

The group gave some recognition to its longer term, underlying difficulties with a major management reshuffle last summer. Mr. Ron Bounds, who succeeded Sir George as chief executive when the latter became chairman, was replaced by Mr. John Kerridge and there was much talk of the need for a stronger hand on the tiller.

But whatever restructuring and improvements in divisional efficiency Fisons carries out, the collapse of the Proxicromil project has clearly left it in a weakened position. In the last month there has been speculation that one of the major German-based chemical groups would make a bid for Fisons.

There would be drawbacks to taking over the group.

- Most companies are in fertiliser production for historical reasons. It is not the kind of business companies are queueing up to enter.
- A number of major chemical companies are trying to build up high added value speciality businesses such as agrochemicals and pharmaceuticals. But a joint venture operation, such as Fisons has with Boots in agrochemicals, might not have that much appeal.

The chances are that Fisons will have to shrink a little, but that it will battle on alone. The corporate plan it has put into operation since 1967 is a bold one and in many ways eminently sound. Critics of the group might say that its management has sometimes been over-ambitious in executing that plan.

The failure of the Proxicromil project was bad luck, but Fisons now has to demonstrate that it can manage its portfolio of businesses in a way which enables it to ride out such setbacks in the future and to achieve more consistent profits growth.

FERTILISERS

FERTILISERS are Fisons' traditional business. But Sir George Burton has admitted that the company was "caught off balance" during the 1960s by the "sudden way in which fertilisers ceased to be a growth industry" in the UK. Prices fell, yet at the same time new competitors entered the market, attracted by what Fisons calls the "remembered prosperity" of the 1950s.

Profits from the group's fertilisers sector were only £2.91m in 1979—51 per cent lower than in the previous year—although sales rose by 22 per cent to £196.176m. Figures for the first half of last year showed no change in the downward slide. Full-year figures for 1980 are due out at the beginning of March.

Fisons' present difficulties with its fertiliser business stem from several sources. Among them is the fortunate raw material position of Imperial Chemical Industries, one of the group's main competitors. Straight nitrogenous fertiliser is made from ammonia which is in turn made from methane gas and ICI has a cheap, long-term gas contract with the British Gas Corporation.

ICI is thought to pay only some 6.5p a therm for its gas as against a current going rate of around 30p a therm for renewed industrial contracts for gas for energy purposes. Fisons buys about half its ammonia from ICI at a comparatively cheap rate but it has to pay world prices for the other 50 per cent—and these have risen by 20 per cent in the last 12 months alone.

DRUGS

IN 1979 pharmaceuticals accounted for over 50 per cent of Fisons' profits, although they represented only 18 per cent of sales. But next year the patents start to run out on the company's major drug, Intal, and inevitably the profits from it will start to fall off. This was why it was so important for the whole group for Proxicromil to be a success.

Fisons started building up its drugs business in the late 1960s as part of its new corporate strategy. The early discovery of Intal, a drug for the treatment of asthma, was a major piece of good luck and it established Fisons' position in pharmaceutical research.

Proxicromil was also designed to help asthma sufferers and the hope was that it would be a lucrative follow-on to Intal. But the flaw found in Proxicromil—Fisons will not say exactly what it is—is clearly a major one. There will be no attempt to develop a similar molecular structure drug.

Fisons is not the only drug company to have borne a setback of this type. The U.S.-based Smith Kline and French spent almost £20m on the development of an anti-cancer drug called Metiamide, discovering that it stopped the body making white blood cells which are part of the natural defence against disease. ICI spent three years and "several £m" working on an anti-ulcer drug called Tiotidine but studies showed that it caused cancer in rats and it was abandoned.

But Smith Kline and ICI were both in better positions to take such knocks than Fisons is now.

It is thought that Fisons has no other major new drugs in its research pipeline.

AGROCHEMICALS

AGRO-CHEMICALS is one of Fisons' older businesses. The group used to have Commonwealth sales franchises on a number of the Swiss-based Geigy's pesticides. But it lost these when Geigy merged with Ciba in 1970.

By then Fisons had started to accelerate its agrochemicals research programme. Ten years on, the group realised that it could not sustain the costly research effort required. Now it has set up a joint agrochemicals venture with Boots. The new company, called FBC, was officially launched last month and is expected to be Britain's dominant producer of pesticides and herbicides.

SCIENTIFIC

FISONS' scientific equipment business is one of the many victims of the recession. The division produces laboratory equipment and pieces of machinery such as centrifuges. It has been built up mainly through acquisition—notably in 1977 when Fisons paid what some considered to be the high price of £26.5m for Gallenkamp.

Much of the division's sales are directed overseas but at present exports are being hit by the strong pound and American competition. Meanwhile, sales at home have been depressed by cuts in Government spending — particularly in the education field.

Letters to the Editor

Tax on small businesses

From Mr. Edwin Whiting.

Sir,—May I make three points in reply to Mr. Jellis-Baldocks's letter of January 22 ("Dynamic Small Enterprises").

Small companies where the directors and shareholders are the same people, or all in the same family, have not been paying corporation tax because it has been generally more efficient taxwise to pay out profits as directors' remuneration rather than as dividend. Now with the raising of the investment income surcharge in 1979, the lowering of the small profits corporation tax rate to 40 per cent in 1980 and the increase in both the rate and ceiling for national insurance contributions as from April 1981, it becomes more tax efficient to pay out profits as dividend to any director/shareholder within the range of about £5,000 to £10,000 (depending on personal allowances, other income and the point at which his company incurs a taxable profit).

It is difficult to generalise, but it must be that, in many cases, the decrease in corporation tax rate and increase in national insurance contribution has simply altered the balance between salary and dividend as the most efficient means of extracting profit from the company, without any real benefit, except, of course, to accountants and tax consultants who must produce detailed calculations each year to show which is the best method. A high rate of corporation tax and low national insurance, however, would settle salary as being the best method without any detailed calculations and estimation.

I have found little conclusive evidence both in academic literature or from practical observation that a small increase in employee direct taxation would have any effect on the incentive for people to work or for small company owner/directors to make maximum profits for their businesses, especially in the current climate. Why, when people are apparently prepared to work for lower gross wages in real terms or for lower profits before tax just as hard or harder than before, should it make any difference if the reduction comes in net terms after tax? If people are scared of losing a job or of their business folding up, will they care so much about the particular means by which their take-home pay is reduced?

Finally, the best way of reducing the competitive advantage of the informal economy is surely to reduce or abolish employers' national insurance contributions. Income-tax evasion was much easier for the Inland Revenue to trace, given the available staff, by making investigations into the sources of income of those with an apparently high standard of living not paying commensurate income-tax. People earning under £27 a week (in 1981-82) bring no liability to employer's national insurance. Should not the Association of Independent Businesses be pressing for this limit to be raised rather than cursing those in the informal economy who can make use of it?

Edwin Whiting.
Manchester Business School.
Booth Street West, Manchester.

Diary of disaster

From Mr. John Baker White.

Sir. — On a recent visit to Australia I met and had a long talk with one of the chief executives of the Japanese Nissan concern. He was there in connection with his firm's £45m project to build a car engine plant which would employ almost entirely Australian personnel.

He knows Britain well and in course of the conversation he said: "Why have your trade unions got a death wish? It is what we call hari kari, no longer fashionable in Japan. With high unemployment, your union leaders seem to want to make it even higher."

This comment came back into my mind when I read the daily editions of just one day, January 24. They recorded:—

(1) As the result of the seamen's strike, called by the executive without a ballot of members, in support of a demand that it is economically impossible for the industry to meet, British ships are being scrapped, laid up, or sold to foreign owners, with a consequent permanent loss of employment for British seamen.

(2) A brewery at Birmingham is to be closed down, with a loss of more than 1,000 jobs, because the workers went on strike, refusing to operate a short-time working scheme.

(3) On already stricken Merseyside, more than 300 jobs are to be lost because the unions refused to accept a survival plan involving 176 redundancies.

(4) Following a 24-hour strike by 20,000 engineers and ground staff of British Airways, the unions promised further strike action; this in spite of BA's acute financial problems and the knowledge that the strike diverted some 18,000 passengers on to other, and mainly foreign, operators, with probable permanent loss of business. Having travelled 26,000 miles by air in the past two months, conversations with passengers made it all too clear what they thought of BA time-keeping.

(5) Unions in the water and sewerage industry are planning strike action with the full knowledge that it would have a highly damaging effect on virtually the whole of industry and inevitable long-term effects on employment.

That is the record for one day.

John Baker White.
Street End Place.
Street End, Canterbury.

Current cost accounting

From Mr. D. Edis.

Sir. — With reference to the article on current cost accounting (January 28) is it a case of "the Emperor's clothes?" Possibly, I am the child in the story and over-simplify, but I speak from experience.

Surely any system of standard costing worth its salt uses current costs, eg, labour, materials and overheads (an example here would be depreciation of plant at current values).

Standard cost of sales deducted from actual sales adjusted by variances must surely represent current cost accounting.

The management accounts can be reconciled with traditional historic accounts, indeed except for balance-sheet adjustments, eg, gearing, have we not our current cost accounts readily to hand to satisfy the requirements of accounting standard 16?

One thing the manager must do is to recognise current costs and this applies if the situation by some miracle should be reversed. It has done so in some directions, eg, cost of materials.

I am sure with the success of GEC, both Lord Weinstock and Sir Kenneth Bond are applying these techniques; what they are quarrelling over is the requirements of SSAP16, which, when applied to a group this size, would be at best a glorious hotch-potch, whose only justification would be taxation levied on real profits — this is where we came in!

D. Edis.
4, Vicarage Rise, Lois Weedon, Nr. Towcester.

Sleeper travel

From the Chairman, Transport Users Consultative Committee, Yorkshire Area.

Sir,—I was interested to read the letter from Mr. Peter Keen, Chief Passenger Manager, British Railways Board (January 24), on the problems of the "ageing" fleet of sleeping cars.

While we welcome the impending introduction of new rolling stock on the London-Edinburgh-Aberdeen route later this year I do hope that British Rail will not forget its secondary sleeper routes, like that between London and Leeds.

True, the existing stock isn't quite the Savoy! But at £9.00 a night (which includes morning tea and a newspaper) it still represents value for money. And when set against West End hotel prices it's a bargain.

James Towler.
Record House,
Bootham, York.

Domestic air fares

From Mr. D. Parish

Sir,—Lynton McLain, your Transport Correspondent wrote an article (January 21) on the recent announcement that British Airways has applied to raise domestic air fares by 15 per cent. The article goes on to compare the rate per mile with Laker fares to New York. The implication being that domestic air fares are overpriced. There is however no real comparison between a longhaul low frequency service operated by widebody aircraft and a short-haul service with high regularity and frequency. The economics are very disparate and not comparable. In any form of transport a longer journey works out at a lower rate per mile.

A fairer comparison is to look at the rates charged by other domestic airlines, these are similar to those charged by British Airways and in some cases higher. This is true within Britain as well as in America. A normal economy fare between Los Angeles and San Francisco would cost 12p per mile and the shuttle between New York and Washington 16p per mile. This compared with British Airways proposed rate on the London-Glasgow shuttle of 13.5p per mile. British Airways has done much in the past year to introduce low cost air travel on more routes.

This is good not only for customer relations but makes sound, hard-headed commercial sense.

David Parish.
23, Viking Court, Beaver Close, Hampton, Middlesex.

Not extravagant financing

From the Assistant General Manager (Pensions), Legal and General Assurance Society

Sir.—Mr. Nottage (January 26) is clearly still baffled by the decision of so many pension funds, both in the public and private sectors, to contract out of the new state scheme in 1978. Perhaps it may help to go back to basics.

Contracting-out does not affect the total cost of the National Insurance scheme, which is determined by the current outlay on benefits.

Contracting-out does affect: the relative proportions of benefits paid by the pension funds and the NI scheme; the relative proportions of NI contributions paid by different employers (and their employees); and the distribution over time of the cost of pension benefits.

Since the contracting-out decision depends on an assessment of a range of future probabilities, no one should take a dogmatic attitude. The 1978 decision, which was taken by thousands of individual organisations whose personal and practical involvement was considerable, shows the collective judgment of informed opinion.

The decisions made are concerned with the distribution of a global cost and may produce different degrees of advantage or disadvantage to individuals. From the viewpoint of a Government concerned with the entire economy there is nothing in the range of possibilities which emerge from the contracting-out option which can be regarded as "extravagant financing."

W. A. Sibly.
Legal and General Assurance Society,
Temple Court,
11, Queen Victoria Street, EC4.

The Laker effect

From Mr. R. C. Glass

Sir.—Although postal rates went up last Monday week your readers may be interested to know that there is one rate that has apparently gone down.

Air Parcels to the U.S. used to cost, under the old rates, £3.30 for the first ½ kg and £1.10 for each additional ½ kg. Under the new "increased" rates it now costs £3.30 for the first ½ kg and £1 for each additional ½ kg, i.e. it now costs less to send an air parcel of over ½ kg to the U.S. than before.

The Post Office is unable to offer any explanation for this curiously anomaly. Is it another example of the Laker effect?

R. C. Glass.
The City University.
223-227, St. John Street, EC1.

Today's Events

GENERAL

UK: Mr. Eric Sayers, Dupont chairman, meets Sir Keith Joseph, Industry Secretary, to discuss steel industry integration.

Trades Union Congress consultative conference to discuss trade union structure.

Water industry unions meet to discuss industrial action over pay claim.

Confederation of British Industry publishes Budget representations.

Lord Soames speaks at New Zealand Society Waitangi Day dinner, Royal Lancaster Hotel, London.

Computer peripherals exhibition opened by Mr. Kingman Brewster, U.S. Ambassador, at the Embassy, W1

London Chamber of Commerce conference "Get going again in Ghana."

Overseas: Society of Motor Manufacturers and Traders, and Japanese Automobile Manufacturers Association delegations meet in Lisbon to discuss UK car market.

Dutch Parliament votes on sale of two submarines to Taiwan.

King Juan Carlos and Queen Sofia of Spain visit Basque country.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on poverty. Motions on Northern Ireland orders. Ways and Means money resolutions relating to gas levy.

House of Lords: Motion to refer London Dockland Development Corporation (Area and Constitution) Order to a Select Committee. Judicial Pensions Bill, committee stage. Bill of Rights Bill, third reading. Wildlife and Countryside Bill, committee stage.

Select Committee: Procedure (Supply) on supply procedure (control over expenditure). Witness: Mr. D. A. Bradshaw, Clerk Assistant, House of Commons. Room 15, 4.15 pm.

OFFICIAL STATISTICS

UK official reserves for January. Capital issues and redemptions during the month of January.

COMPANY MEETINGS

ICL, Plaisterers' Hall, 1 London Wall, EC, 12. Management Agency and Music, The Hendon Hall Hotel, Ashley Lane, NW, 12.

COMPANY RESULTS

Final dividends: English and New York Trust. Prestige Group. **Interim dividends:** Cowan de Groot. Steinberg Group. Unitech.

Avon Rubber expecting significant midway loss

Avon Rubber Company, which sells most of its products to the *beleaguered British motor industry*, expects to make a significant loss in the first half of 1980-81.

Lord Farnham, Avon's chairman, told shareholders yesterday at the company's annual meeting that "the extent of the decline in demand and profit margins, together with the high cost of redundancies and re-organisation, will result in a significant loss in the first half of this year."

Later, Mr. P. M. Fisher, Avon's managing director, added that the company did not anticipate any significant recovery between now and the group's year-end in September.

Lord Farnham said it was becoming evident that the *decline in the size of the home* market for the company's products may be permanent. In the light of this conclusion he stated: "A *major reorganisation* of the group structure is therefore taking place."

Emphasis was being placed on maintaining and developing export business despite the strength of sterling and heightened international competition.

However, Lord Farnham warned that *margins* on these exports were being depressed by the continued strength of sterling.

Avon has suffered particularly badly from the appreciation of sterling against the Deutsche Mark since Germany is its single largest export market. Traditionally Avon has exported about *a* quarter of its turnover with roughly 8 per cent of sales earmarked for the German market.

Further redundancies are expected to be announced in March when the group completes its current cost-cutting exercise. During the last financial year Avon made 1,000 people redundant and a further 100 jobs have gone since the end of September.

The agricultural engineering division has faced a dramatic decline in demand during the past nine months according to Mr. Fisher. As a result he said that "it is almost certain that Avon will close down a fairly significant section of this division."

One hundred and thirty people are employed in this division — run at *50 per cent capacity* — based at a single factory which also manufactures three other products.

Avon Rubber's earnings have dwindled steadily over the past three years. Pre-tax profits for the year-end September 27, 1980 fell from £2.55m to £840,000.

The share price, which has virtually halved over the past 12 months, remained unmoved at 88p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Hillards	int.	1.5	Apr. 1	1.25	—	4.25
Regional Props.	int.	0.75	Apr. 3	0.65	—	1.9
Vibroplant	int.	5.25	Mar. 5	5.25	—	14.53

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Regional Properties improves

IN THE first half to September 30 1980 profits of Regional Properties have increased from £694,000 to £924,000, and the interim dividend is raised from 0.65p to 0.75p net.

However, there will be lower earnings in the second *half* but the board holds the view that, in the absence of unforeseen circumstances, there will be an increase in the final payment over the previous year's 1.25p.

Explaining the projected decline in the second half, the board says that £9m spent on existing developments and the purchase of new properties has ben largely financed out of the company's holdings of Government stocks and cash deposits; and this will result in a substantial drop in investment income.

	First half 1980 £000	1979 £000
Net rents, etc.	1,304	1,144
Interest paid	380	450
Profit before tax	924	694
Taxation	480	360
Development props.	332	209
Extraord. credit	280	595
Tax credit	173	109

For the full year ended March 31 1980 the group pre-tax profit came to £1.63m.

Lonrho clarifies its offer for House of Fraser

FOLLOWING REPORTS that its 150p-per-share cash bid for House of Fraser might be its final offer, Lonrho has said that it has made no positive statement regarding its takeover plans other than to announce the bid.

Lonrho's clarification followed the intervention of the Takeover Panel, which had felt that if the international trading conglomerate did not make its formal position clear it might be bound by the provisions set down in Rule 22 (Practice Note 9) of the City Code on Takeovers and Mergers.

This says that a bidder "will be bound by any positive statement which it makes as to the finality of its offer."

If any statement is made indicating that a bid is a full and final offer then the bidder would not be allowed to increase his bid under the takeover rules.

The Rt. Hon. *Sally* Oppenheim, MP, replying to a question in the House of Commons put by Mr. Dennis Canavan, MP for West *Stirlingshire, said that the Monopolies* and Mergers Commission had already investigated the merger position between Lonrho and House of Fraser.

That arose, she said, when Lonrho increased its shareholding in House of Fraser to 29 per cent through its acquisition of Scottish and Universal Investments, an industrial holding company, which was itself a shareholder in House of Fraser. "There is no power to make a further reference of that merger situation, given the commission's conclusion that it might be expected not to operate in the public interest.

"My Rt. Hon. friend will announce as soon as practicable whether any new merger situation between these companies *should be referred to the commission.*"

Professor Roland Smith, the £50,000 a year part-time chairman of House of Fraser who deposed Sir Hugh Fraser last week in a boardroom battle, said yesterday, "I stand between Mr. Tiny Rowland,"—Lonrho's chief *executive*— "*and him gaining a* valuable company."

He said the Fraser group was only a matter of day's from com*pleting its revaluation of assets*. Outside estimates have suggested that this could show assets per share of up to 300p. Group unaudited figures for the year ending January are also being prepared.

Commenting on why Sir Hugh Fraser was removed from office, Professor Smith said "the 1980s require a different style of retailing than the 1960s and 1970s. A number of directors felt that a change was necessary. We wanted the top management to be committed to a long-term trading strategy."

He explained that the desire for change came externally, from the institutional shareholders and internally, from the board.

Mr. W. A. Craddock, managing director of Harrods, part of the Fraser group, has been appointed to the board in succession to Mr. Robert Midgley, who retired on January 31, 1981. As reported, *Sir Hugh Fraser is not expected* to take up the chairmanship of Harrods.

Professor Smith said yester*day that the institutional share*holders, representing up to 35 per cent of the Fraser group equity, were "highly supportive of the board" in its rejection of the 150p per share cash offer from Lonrho as "totally unacceptable."

Gulf Fisheries, a Kuwaiti-controlled company and Lonrho's largest shareholder, is studying the bid. A spokesman said that if it was satisfied by the information *from Lonrho* it would be supporting the "150p cash offer."

Lonrho has called an extraordinary general meeting of its own shareholders to approve the offer for Fraser on March 4.

It is planning to distribute a circular for the meeting by about February 13 which it hopes will be accompanied by its offer document detailing the Fraser bid.

Cronite's promising export list

THE export order books of Cronite Group, specialist metals processor and steel stockholder, are at a record level, Mr. K. F. Ward, chairman, tells shareholders in his annual statement, but the demand from traditional *home outlets is still* suffering due to severe destocking.

As reported on December 24, the group turned in a pre-tax loss of £26,000 for the year to September 30 last compared with profits of £490,000. Mr. Ward *says it is evident there* will be no short-term improvement in trading conditions.

At best, he says, the group can look forward to an upturn in the latter half of 1981, but the September financial year-end means significant benefits will not be *realised this time.*

Increased facilities have been provided by the group's bankers for the current year, and these are substantially in excess of current or projected requirements, says the chairman. To match these facilities, a resolution *will be proposed* at the annual meeting to increase the borrowing powers from two to two-and a-half times the issued *capital*, or £2.43m.

Shareholders' funds at the year-end stood at £2.21m (£2.39m). There were bank balances *of £53,000 (£52,000) and* secured overdrafts of £1.03m (£716,000).

Current cost adjustments *increase the pre-tax loss to* £119,000.

Meeting, Birmingham, February 24 at 11 am.

Hillards improves 30% and pays more at interim stage

DESPITE a rise of almost £200,000 in interest charges to £283,000, taxable profits of Hillards improved by 30 per cent, from £1.34m to £1.73m, in the 28 weeks to November 8, 1980.

Sales of this West Yorkshire *supermarkets operator* were 43 per cent higher at £80.76m (£56.53m) and profit on trading came through at £2.02m, com*pared with £1.42m.*

The interim dividend is being stepped up from 1.25p to 1.5p net. Last year a total of 4.25p was paid from taxable profits of £2.23m.

Five large new stores, which opened in the 13 months from March 1979 to March 1980, are contributing to the group's profitability while turnover in the other stores has shown appreciable volume gains.

Although turnover in the first two months of the second half has been encouraging, the directors say it is too early to form *a judgment* about trading in the remainder of the year.

Tax for the 28 weeks was higher at £220,000 (£55,000) leaving a net balance of £1.5m, against £1.28m, and stated earnings per 10p share of 12.62p (10.89p).

The directors consider that the group's existing facilities and internal cash flows are at present adequate to finance the growth of the business.

A new large store will open at Idle, near Bradford, in April, and building is in progress at Worksop where *trading is* planned to start in the autumn.

• comment

The major store opening programme which depressed Hillards last year is now working through to give the expected fillip *to profits. A 30 per cent* rise pre-tax yesterday was no surprise. Perhaps more impressive is the 8 per cent gain in volume from existing stores. The non-food operation is still *relatively small in terms of sales* —around 7 per cent. So that Hillards managed to push food volume up by that much on claimed higher *gross margins* in an area where ASDA sets the pricing pace and unemployment is running high looks quite an achievement. Caution is in the air for the second half however. Hillards will have to bear opening costs on the new Idle store and food price inflation is falling. Still at the end of the day profits of £3.2m could be produced indicating a p/e, fully taxed, of 15 at 195p. That may not look cheap but the shares are currently faced with a two-way pull. On one side there are bid hopes and thoughts that the *price is still at a discount* to a realistic asset value. Against this are fears that a fund raising exercise may be on the way to *finance future store openings. It* could open one major store a year from cash flow, but the target is undoubtedly higher. So far bid hopes appear to be winning the tug-of-war.

Vibroplant hit by costs midway and warns on second half

RISING costs together with increased depreciation and interest charges have pushed back taxable profits of Vibro*plant Holdings* to *£1.36m* in the half-year to September 30, 1980, compared with £2.07m.

Demand for the group's plant hire services has been reducing significantly because of fierce price competition, over-capacity in the industry and the general economic *recession, says* Mr. R. Clinning, chairman, and this will inevitably be reflected in the second-half results.

When reporting profits up from £3.17m to £3.82m for the last full year, the directors warned that they could not be optimistic about the current year.

First half turnover went ahead marginally from £6.76m to *£7.09m—not enough, says the* chairman, to contain the effect of rising costs and charges.

Earnings, after tax of £707,618 *(£1.07m) are shown down from* 16.534p to 10.886p.

The net interim dividend is maintained at 5.25p and again absorbs £231,000—last year's final was 9.275p.

Retained profits came through at £422,186 against £761,064.

• comment

Vibroplant came off the bottom of the 1980-81 trading range yesterday with a jump of 10p to 200p. Much of the rise can be attributed to the limited market for the shares but the movement can also be marked down, perhaps, to a slight change in senti*ment in the plant hire sector.* Trading conditions, certainly, have not improved over the last few months but the purchase of a 5 *per cent stake* by BET in Richards and Wallington has arguably closed the page on a very bleak chapter. Vibroplant is demonstrably in better health than many of its peers, the crane drivers strike had no direct effect on the hirers of unmanned plant, the group's past profits performance has been very good and, even *if it is now almost certain* that this record will be broken decisively, there is a reasonable case for assuming *that the dividend can be maintained.* The historic yield of 10.7 per cent offers a little support and the price looks capable of *holding its ground* for the time being.

McLeod Russel warns of worsening conditions

In their interim statement for 1981, the directors of McLeod Russel and Company point out that the difficult trading conditions imposed by the present recession, with which the group's three operating subsidiaries and two associated companies in the UK had to contend during the last financial year, have worsened in the current year.

Arthur Edge and Company, the West Midlands drop-forging subsidiary, has been particularly affected by declining demand and Brenchley and Company, the packaging manufacturing offshoot, has seen no improvement on the previous year's demand levels, they say.

The same factor has affected associates Aptfine Holdings and Bertrams. Buchanan's Warehouses, however, operated at similar levels of activity as the previous year.

The directors say that while the significant reduction in Indian profits and the downturn in UK trading operations will impact on profits, the overall financial position remains strong.

The group continues to consolidate and strengthen its assets and resources outside India and at the same time, its present significant commitment to asset, as opposed to earnings situations, has helped to protect the group from the worst effects of the international recession, they add.

On the company's Indian tea-growing activities, the directors say the year started well but finished the interim period disappointingly. The final outcome for the year will depend on prices to be realised for unsold teas, but it is inevitable, they say, that profits from this source will be substantially reduced—although the impact of this on the group's position outside India will not be as significant as dividends payable by the Indian companies are not expected to be as greatly affected as the profits.

The current year will see the first contribution from the group's tea-growing subsidiary in Zimbabwe, and that the Indonesian venture has made progress.

The directors comment that the group's quoted trade investments are performing well. Certain of these have been realised at a profit while still leaving a substantial unrealised profit on the remainder.

Sales of houses which have become vacant on the Pinnerwood Estate, which the company purchased in 1979, show a substantial capital surplus.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Last	June Vol.	Last	Sept. Vol.	Last	Stock
GM C	$50	5	1	—	—	1	3¼	$48⅛
		April		July		Oct.		
ABN C	F.260	22	3	—	—	—	—	F.270.20
ABN C	F.300	—	—	12	2	1	5	"
AKZO C	F.17.50	10	0.60	15	1.10	5	1.60	F.18.90
AKZO C	F.20	13	0.40	3	0.80	55	1	"
AKZO P	F.15	10	0.70A	18	1	23	1.30	"
AKZO P	F.17.50	15	1.80A	10	2	—	—	"
AMRO C	F.55	3	2.20	—	—	—	—	F.54.80
AMRO C	F.60	25	0.60	—	—	—	2	"
HEIN C	F.50	2	7	—	—	5	—	F.55.20
HEIN C	F.55	65	2.70	5	3.70	—	4.20	"
HEIN P	F.50	5	0.60	—	—	4	—	"
HEIN P	F.55	32	1.30B	—	—	—	—	"
HOOG C	F.12.50	20	2.80	—	—	—	—	F.14.90
HOOG C	F.15	40	0.90	10	1.40	11	2.20	"
HOOG C	F.17.50	12	0.40	—	—	—	—	"
IBM C	$65	—	—	5	5½	—	—	$64½
IBM C	$70	—	—	2	3½	—	—	"
IBM C	$75	2	⅝	10	2¼	—	—	"
KLM C	F.60	2	5	—	—	—	—	F.63
KLM C	F.65	22	2.50	7	4.50	—	—	"
KLM C	F.70	35	1.10	10	2.80	—	—	"
KLM P	F.65	3	4.50	—	—	7	8	"
KLM P	F.70	17	9	3	10.50	—	—	"
NATN C	F.120	1	5.70	—	—	—	—	F.122.50
NATN C	F.125	—	—	10	4.30	2	6.50	"
NATN P	F.120	—	—	3	2.20	—	—	"
PETR C	Fr.5000	5	350	1	500	—	—	Fr.5130
PHIL C	F.15	35	2.50	16	2.90	1	3.20	F.17.30
PHIL C	F.17.50	40	0.90	155	1.40	23	1.70	"
PHIL C	F.20	—	—	100	0.60	—	—	"
PHIL P	F.15	6	0.30	—	—	—	—	"
POLA C	$25	—	—	2	3	—	—	$25⅛
POLA C	$35	2	⅛	—	—	—	—	
OLIE C	F.170	5	39A	—	—	—	—	F.207
OLIE C	F.190	5	21.70	—	—	—	—	"
OLIE C	F.200	116	14.50	5	19	3	23.50A	"
OLIE C	F.220	254	5	50	8.40	26	12.50	"
OLIE C	F.240	273	1.30	11	3.80	—	—	"
OLIE P	F.170	14	0.40	—	—	—	—	"
OLIE P	F.180	107	0.70	—	—	—	—	"
OLIE P	F.190	155	2.30	17	5.20	—	—	"
OLIE P	F.200	78	5.80	—	—	5	12.50	"
OLIE P	F.220	102	16.30	—	—	—	—	"
OLIE P	F.240	1	35	—	—	—	—	"
UNIL C	F.120	32	13.50	—	—	—	—	F.131.50
UNIL C	F.130	—	—	3	6	3	7.50	"
UNIL P	F.125	—	—	15	3	—	—	"
		Feb.		May		Aug.		
BOEI C	$40	5	¾	8	3½	1	4¾	$40
BOEI C	$45	—	—	8	1⅛	—	—	
MANN C	DM.130	—	—	5	1.80	—	—	DM123.30
OCCI C	$30	—	—	1	3	—	—	$30
SIEM C	DM.260	5	3.50	1	8	—	—	DM257.10
SIEM C	DM.280	—	—	—	—	5	3	"
SLUM C	$100	5	6¾	—	—	—	—	$106
SLUM C	$110	12	2	2	8¼	—	—	"
SLUM C	$120	—	—	1	4⅛	—	—	"
SLUM C	$130	—	—	4	2	—	—	"
VW C	DM.140	—	—	5	5.50	—	—	DM138

TOTAL VOLUME IN CONTRACTS 3311
A=Asked B=Bid C=Call P=Put

Unilever U.S. debut on commercial paper market

Unilever U.S. Inc., a holding company for Unilever group operations in the U.S., is planning to make its debut on the New York commercial paper market.

The company has obtained the top commercial paper ratings from both Standard and Poors and Moody's Investors Service. Commercial paper, which generally carries a maturity of between 30 and 90 days, offers a cheap form of financing for top-class corporate names.

They can currently borrow for 30 days at around 16½ per cent, well below the 20 per cent "prime rate" being charged by most U.S. banks.

Unilever is expected to begin with a small offer of around $5m (£2.1m) but this should be *stepped up to a full programme* of around $100m.

Winding up orders made against 61 companies

Compulsory winding up orders against 61 companies were made in the High Court. They were:

Lionel Keepe Structures, Adelphi Vergottis, Scot-Rown (Saffron Walden), West Two Secretarial and Typesetting Studios, and Real Estate Manage*ment Services.*

Spooners (Hull), Drewdene Management, Terravia, Farglen Construction, Redgate and Company (Export), Les Barri, and C. and W. Surfacing.

Joseph Southward, LTL Motors, Birkett Precision Engineering, John Hale Building and Civil *Engineering (Oxford)*, and Librus Publishing Company.

Mandrill, Marvaway, Lockbrook, and Nayland Rock Hotel.

West One Messenger Service, Zefferelli, Bodykebuild, Mulstar Building, C.D. and B. Auto Sales, and Prologue Control.

Auto-Air Custom Cars, Wolverstow, Invale Properties, Ralph Bailey Design-Construction, Sundown (Antiques), and The Colin Phillips Partnership.

Vicore Developments, Horsman Brothers (Copmatik), Arts of Gold, Wrenbirch, and Ladport.

Consolidated Interiors, International Renewal Services, Williams Badcoe and Elliott, M.C.S. Yachts, Garratt Engineering, U-Technics, Cotter and Sons, and Young Whitenstall and Co.

Kennington Press, Startall Equipment, Julwood, Cymru Wholesale Jewellers, Whistler and Sons (Contractors), and The House Owners Co-operative.

Badgedean, Orbit Garment Manufacturers, Heathergate, Housecare, Prettywear, Colnoll Engineering, Weldtec Pipelines, Ciroshire and T. and P. (Leather Industries).

SPAIN

January 30	%	+or—
Banco Bilbao	274	+8
Banco Central	318	+6
Banco Exterior	282	+6
Banco Hispano	250	+2
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	322	+7
Banco Urquijo	180	+5
Banco Vizcaya	291	+8
Banco Zaragoza	218	
Dragados	109	
Espanola Zinc	47	+1
Fecsa	57.7	+0.5
Gal. Preciados	29	+1
Hidrola	65	+0.3
Iberduero	56	−3.5
Petroleos	93	+2.3
Petroliber	75	
Sogefisa	102	
Telefonica	61	+0.5
Union Elect.	63.2	+0.5

UK COMPANY NEWS

Danks seeing improvement

LOSSES FOR the first half of 1980/81 have been on a diminishing scale, at Danks Gowerton, and there are prospects of returning to profitability in the second half, but this may not be sufficient to achieve a break-even position for the full year, Mr. A. J. S. Roe, chairman, says in his annual review.

"The effect of the group rationalisation policy will not be fully reflected until the third quarter," he adds.

The order book has improved over the past three months and the level is considered satisfactory for the group's reduced production facilities.

Mr. Roe says the importance of improved productivity to maintain a competitive position in the market "is paramount and this must be established to avoid the need for further redundancies," particularly in the engineering division with its long cycle of manufacture.

High interest rates and the high value of sterling are not encouraging, he states, in the quest for overseas orders and there is, as yet, no sign of an uplift in the home demand.

Vigorous action to reduce costs further and to improve efficiency in all divisions will enable Danks to take full advantage of better trading conditions when they occur; in the long term there are grounds for quiet confidence, he adds.

As reported on January 31, for the 15 months ended June 30, 1980, the group suffered a pre-tax loss of £1.3m (£1.1m profit for the previous year).

Auditors, Clement Keys and Co., who were appointed after June 30, say that in their report, for the year ended March 31, 1979, Touche Ross and Co. (former auditors) stated they were unable to form an opinion on the value of stock in a subsidiary in respect of which the amount incorporated in the balance sheet was £3,936,180.

Also Touche Ross was unable to confirm, inter alia, that either the group profit for that year or the current assets, as at March 31, were correctly stated since any over or under-statement of the value of that stock would have led to an identical adjustment to both the group profit and the current assets.

"These comments ... also apply to the group loss for the 15 months ended June 30, 1980, since the amount of any adjustment would have a corresponding effect on the loss for that period," they say.

Clements Keys say that although it was not possible for them to observe the stocktaking procedures carried out, they have examined reports by the directors, which are supported by independent parties, and have accepted that these procedures were properly undertaken in accordance with established practices.

As at June 30, the group's balance sheet shows shareholders' funds at £11.26m (£12.67m), secured overdrafts £2.39m (£492,262), and secured loans repayable within one year at £110,000 (£197,500).

Annual meeting will be held at the Station Hotel, Dudley, West Midlands, on February 26 at noon.

Assoc. Paper confident of long-term outcome

MUCH needed steps have been taken to eliminate fundamental problems at Associated Paper Industries, and put the group in a position where it can benefit greatly from the upturn when it comes, says Mr. Charles Rawlinson, chairman.

He tells shareholders in his annual review that API is more competitive and "a lot leaner than we were; there is more to do but we are confident of the outcome, even if in the short-term things remain difficult."

He explains that current trading conditions are not good and the group is finding it difficult to make profits at present.

As reported on January 16, pre-tax profits of this paper, board, stamping foil manufacturer, dropped from £1.95m to £352,089 for the year ended September 27, 1980. Turnover was virtually unchanged at £44.67m (£44.59m), and the final dividend is cut from 2.44p to 0.79p net making the total 2p (3.65p) per share.

Mr. Rawlinson says it was not only a year of change but also a difficult one, but the group has achieved a great deal by pruning it to a size which its capital base can support—shareholders' funds were £9.52m (£13.42m) as at September 27.

"Although we have had to spend a lot of time on our immediate problems, we have been developing strategies and plans for the future, covering product development, exports, financial targets and management development," he states.

On a CCA basis historical profits are turned into a pre-tax loss of £583,000, compared with a £775,000 profit.

The annual meeting will be held at the Abercorn Rooms EC, on February 27, at 12.30 pm.

H. J. Baldwin profit down

ON turnover little changed at £1.26m against £1.25m, taxable profits of H. J. Baldwin and Co., clay and concrete manufacturer, fell from £179,190 to £155,504 for the half year ended October 31, 1980.

The directors say that current *business activity is not encouraging* and, in view of the prevailing economic climate, the outcome for the full year is uncertain.

For the 1979-80 year profits amounted to £285,697 from turnover of £2.31m, and the company returned to the dividend list with a 1p net payment.

Trading in the six months followed a similar pattern to that experienced in 1979, though there was a reduction in the volume of goods despatched and a slimming of margins.

The directors state that the continuing restriction of expenditure imposed by the Government on capital projects is affecting all facets of the company's business. And, as a result, stocks of finished goods have increased significantly making some short time working inevitable.

After tax of £79,475 (£92,175) and preference dividends absorbing £4,900 (same), the attributable balance emerged at £71,129 compared with £82,115, equivalent to 2.03p (2.35p) per 10p share.

Stock relief has been taken to the deferred tax account but with the proposed indexing of stock relief the figures shown are likely to be reduced when the year's corporation tax amount is known.

The company is controlled by Hartley Baird.

ARTAGEN PROPS.

Artagen Properties, the wholly-owned property development and management subsidiary of the Sun Life Assurance Society, is to be known as Sun Life Properties.

BIDS AND DEALS

Wiggins Teape sale and leaseback raises £19m

BY MICHAEL CASSELL

Wiggins Teape, the BAT Industries paper-making subsidiary, has raised £19m in a sale and leaseback deal on its Basingstoke headquarters.

The company announced yesterday that it had sold the office complex, built for it in 1976 at a cost of £10m, to pension fund clients of Barclays Bank Trust. It has at the same time taken a 25-year lease, the terms of which have not been disclosed, on the 150,000 sq ft building.

Neither Wiggins Teape nor Barclays Bank Trust were prepared to disclose the identity of the new owner.

Mr. John Buchanan, secretary of Wiggins Teape, said that the proceeds of the sale would be used to help finance the company's continued investment in UK papermaking. In the first half of 1980, the company's pre-tax profits fell from £25.75m to £19.3m and last month it announced plans to reduce its UK staff of 10,000 by around 330 because of the recession.

The sale represents the second *major* property deal in eight years for the paper-making company. In 1970, Wiggins Teape paid £3.5m to Trafalgar House for the head lease on its original Gateway House headquarters in London's Cannon Street. Two years later the company sold the property for £27.7m to Imperial Tobacco Pension Fund and moved to Basingstoke. The Cannon Street building was subsequently refurbished and let to Bank of America.

Wiggins Teape temporarily occupied another office building in Basingstoke until its new headquarters—also named Gateway House—was completed. The building has gardens on five levels and in 1979 won a Royal Institute of British Architects' award.

The paper manufacturer is considering the construction of a smaller office building on a site next to its existing headquarters. It has been running down the size of its headquarters staff — currently numbering about 600 — and says that, as the trend is expected to continue, it may vacate Gateway House, which can house 800 people, and occupy the proposed 118,000 sq ft building. It would then sub-let its existing headquarters for the duration of the 25-year lease.

A spokesman commented: "Our existing headquarters are now too large for our requirements. We have not yet got planning permission for the new offices but if it is forthcoming then we may decide to develop and to move in."

Strutt and Parker acted for Wiggins Teape in both the original London sale and in the latest transaction.

● Eagle Star Properties' office and flat scheme at New Hibernia Wharf, close to the southern end of London Bridge, has been pre-let to Grindlays Bank on a 99-year lease. The complex includes 90,000 sq ft of office space and 16 residential apartments. The scheme is scheduled for completion at the end of 1982.

Rank and Phicom in £3m link

Rank Organisation and Phicom have merged their video communications interests into one company, Rank Phicom Video Group which will provide television production facilities and duplicate video-cassettes.

The joint-venture, in which each company has 50 per cent, *has an issued capital of £3m. It* is expected to have annual sales of about £7.5m.

Four companies are involved in the merger. Phicom's Television International and Zoom Television, which made a loss of £267,000 in the first half of 1980, will be merged with Rank Video Centre and Rank Post Productions, which made a loss of £22,000 in the year ending October 31 1980. The losses are blamed on the 1979 strike of the Independent television companies.

The new company has also bought Audio + Visual a privately-owned company with net assets of £195,000.

Rank Organisation and Phicom each transferred net assets of approximately £2m to the joint-venture in exchange for their shareholding. In Rank's case this included £725,000 in cash.

The new company claims to be the largest television facilities group in the UK and hopes to benefit from the introduction of breakfast television and the new fourth channel.

BARGET

Tinnox of Hong Kong has reduced its stake in BARGET, the furniture manufacturer, from 75 per cent to 71.5 per cent.

Mr. W. T. Mullins, chairman of Barget, said that it was highly unlikely that more shares would be sold.

FODENS (S. AFRICA) UNDER OFFER

A South African consortium is negotiating to buy full control of Fodens (South Africa), a subsidiary of the British lorry manufacturer which went into receivership last year, and was bought by Paccar, of the U.S.

The group has not yet been named, but negotiations on a final price and conditions are expected to be finalised in Britain and the U.S. "within the next few weeks," according to a statement by Mr. Alf Cook, managing director of Fodens in South Africa.

MERITOR STAKE

Meritor Investments, the venture capital company owned by Midland Bank and Rolls-Royce Pension Trust, has taken a 25 per cent stake in the recently formed microprocessing development company, Xionics. This makes a total investment of £290,000.

This investment will help Xionics to consolidate its position in the development of new technology, in particular its communications and office automation system known as XIBUS.

Sketchley wishes to emphasise that the development with Monarch Laundries (of Northern Ireland) is on a marketing and service basis only and is not a joint company venture.

The irony of Nash's demerger

BY CHRISTINE MOIR

THE FIRST "demerger of a company under the new taxation treatment introduced in the 1980 Finance Act has, ironically, come not from strength but weakness.

Sir Keith Joseph, the Industry Secretary, spent much of last year promoting the concept of demerging as a way of splitting up over-large companies so that the profitable subsidiaries in their shadow could achieve their full growth potential.

J. F. Nash Securities, unfortunately, is motivated less by optimism than by concern — that its lossmaking Reliant Motor manufacturing subsidiary could drag the whole group down.

The proposed demerger — a virtual certainty since the Nash family with 51 per cent of the equity is voting for it — is the surest way the company can devise to cut itself off from any possible liabilities for Reliant.

The document outlining the details of the proposed split states that Reliant will be better off on its own than as part of the conglomerate. The establishment and funding of possible "joint ventures with foreign companies and/or governments might be more easily arranged by an independent Reliant."

Apparently a Chinese Trade delegation has been telling Reliant that it might want to set up small motor manufacturing units in China, but there is no firm indication that this could lead to any involvement by Reliant other than advice.

Shareholders are told that they may now structure their investments more logically. They will be able to hold shares in Nash—which intends to expand in packaging—and, in addition *either hold or sell on shares in* Reliant, a motor manufacturer with a rather uncertain future.

However, the key passage in the document reveals the problems of assessing that future. "It is likely that, initially, the aggregate value of the two holdings following the demerger will be similar to the value of the equivalent holding of Nash shares" before the operation but "it is not possible to state the individual capital values."

The Reliant shares would have to find their feet in the Unlisted Securities Market—indications are that the Stock Exchange will give it a place there—around mid-April if the court hearings go according to plan.

Reliant is currently expected to lose £700,000 pre-tax in the year to Setpember.

"The first three weeks of January were the worst in the history of Reliant," Mr. John Nash, the chairman, admitted yesterday. Sales of Scimitar, the 2.8 litre luxury car, were first hit last autumn and have not recovered. Now sales of the three-wheeled Robin have joined the slump. Finally, there is little chance of much volume this year from the sale of knock down kits to Turkey and Greece.

For the future there is the FW11—the new design for a medium-size four-door saloon which is to go into production in a joint venture with a Turkish company in 1982. The problem with the design is that it will have to compete directly with those of the main high volume international car manufacturers.

On the "plus" side, Nash has already written off the design costs of the FW11 and Mr. Nash says that the Turks would carry all further costs. Reliant would simply supply parts.

"We are not trying to put Reliant down the bath tub," he said. "We see some potential in it, and the family will keep their shares," he said.

The spin-off will not lead to higher dividends for the Nash element in the demerger, however. The next interim dividend is to be reduced in size—because of the weighting in profits towards the second half — but there is no promise of a higher final to match.

Last year Nash had earnings per share of 6.5p. Net dividends amounted to the same figure. The Nash Board says that the contribution from Reliant, £237,000 at the pre-tax level, was not taken into account when assessing the dividend.

Nash is looking for acquisitions, which could affect dividend policy, the Board says. Prospects are patchy for the continuing businesses post the demerger and the Board makes no forecast of the return on the £2.4m of tangible assets which would remain after stripping out the £2.7m attributable to Reliant.

LONDON TRADED OPTIONS

(Feb. 2 Total contracts 762)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	64	25	—	—	—	—	414p
BP	390	42	12	62	1	72	1	"
BP	420	28	23	46	—	58	—	"
BP	460	11	2	28	1	—	—	"
Com. Union	130	25	1	26	—	28	—	152p
Com. Union	140	15	21	17	1	21	—	"
Com. Union	160	5½	87	8	14	10	—	"
Cons. Gold	460	30	6	45	—	60	—	448p
Cons. Gold	500	—	—	25	1	43	—	"
Cons. Gold	538	6	17	—	—	—	—	"
Cons. Gold	550	—	—	13	—	22	15	"
Cons. Gold	588	2	20	8	—	—	—	"
Courtaulds	60	3	—	5	55	7½	5	61p
GEC	600	50	12	72	—	97	—	616p
GEC	650	22	7	47	—	70	—	"
Grand Met.	160	8½	11	15	—	19	—	163p
ICI	280	27	5	38	—	56	—	290p
ICI	300	15	6	27	—	37	—	"
ICI	330	7½	1	16	1	—	—	"
ICI	360	2½	1	8	1	—	—	"
Land Sec.	330	66	—	73	1	—	—	384p
Land Sec.	360	38	12	50	—	61	—	"
Land Sec.	390	16	2	30	—	42	—	"
Land Sec.	420	7	—	18	4	—	—	"
Marks & Sp.	110	14½	—	19	—	25	1	119p
Marks & Sp.	120	7½	1	13	—	18	2	"
Shell	460	13	1	26	—	34	—	430p
Totals			273		80		24	
		February		May		August		
Lasmo	750	3	1	30	—	52	—	667p
Lonrho	84	39	25	—	—	—	—	102p
Lonrho	90	—	—	17	52	21	1	"
Lonrho	94	9	22	—	—	—	—	"
Lonrho	100	—	—	10	61	15	10	"
Lonrho	104	3½	12	—	—	—	—	"
Lonrho	110	—	—	6	15	8½	27	"
Lonrho	114	½	16	—	—	—	—	"
P. & O.	130	1	—	6	30	9½	—	116p
Racal Elec.	280	44	10	60	—	75	—	323p
Racal Elec.	300	24	2	46	—	59	—	"
Racal Elec.	330	7	33	28	52	42	6	"
RTZ	390	—	—	26	10	40	—	378p
Totals			121		220		44	

MINING NEWS

Sharp fall at Cominco in fourth quarter

BY GEORGE MILLING-STANLEY

CANADA'S COMINCO, the metals and chemicals arm of the Canadian Pacific group, seems to have withstood the strains of last year's economic downturn better than many other Canadian companies in the natural resources sector.

Net profits for the year to December 31, 1980, are just 17 per cent lower at C$169.3m (£59m) or C$9.44 a share, compared with a record C$203.7m or C$11.52 in 1979, reports John Soganich from Toronto.

However, the latest figures reveal a much sharper rate of decline in the fourth quarter, when net profits fell by 30 per cent to C$45.5m or C$2.54 a share.

Cominco said that the reason *for the decline in full-year profits* was the downturn in the U.S. economy, which had a significant impact on metal mining and refining profits. Lead prices, for example, averaged around 50 cents per pound, some 10 cents lower than in 1979, and were a major factor.

This was offset to some extent by marginally higher zinc prices, increased earnings from gold and silver and improved profits from potash, chemicals and other fertilisers.

For 1981, the outlook for metals depends on the level of world economic activity, said Mr. Norman Anderson, chairman. Prospects for chemicals, fertilisers and potash are more buoyant, he added. Mr. Anderson also made the point that the continuing low level of the Canadian dollar enhances Cominco's profitability in export markets.

As far as the bid for control of Bethlehem Copper is concerned, Cominco already controls 65 per cent of the equity and is assured of obtaining an additional 25.2 per cent with the news that Newmont Mining of the U.S. has accepted Cominco's C$37.5 offer.

Bethlehem owns and operates a large open-cut copper mine and concentrator in British Columbia. The operation adjoins a 1bn tonne copper deposit owned by Valley Copper Mines, in which Cominco has an 80 per cent stake.

Two of Cominco's key operating subsidiaries have also reported lower earnings for 1980. Net profits of Pine Point Mines fell by 41 per cent to C$25.4m, while Vestgron Mines, the lead-zinc operation in Greenland, saw profits slide by 59 per cent to C$11.4m.

Net profits of Falconbridge Nickel, Canada's second-largest nickel producer behind Inco, fell by 35 per cent last year to C$71.4m or *C$13.04 a share*. The company achieved profits of just C$18.6m in the second half, compared with C$52.8m in the first six months.

Mr. H. T. Berry, president of Falconbridge, attributed the downturn to higher production costs and the weakness of the nickel price.

Nickel sales from the integrated operations at Sudbury and Norway were 36 per cent lower at 54.2m lbs. Sales of copper and cobalt rose slightly.

The metals and fertiliser producer Sherritt Gordon Mines saw 1980 profits slide by 31 per cent to C$28.1m or C$2.19 a share. Fertiliser and chemical profits improved as a result of higher sales volume and firmer prices, but profits from the mining, refinery and fabricated metals divisions were all lower.

The Yukon lead-zinc-silver producer Cyprus Anvil Mining experienced a 39 per cent fall in profits last year to C$23.2m, mainly attributable to lower production and sales and higher production costs.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Cowan De Groot, Steinberg, Unitech.

Finals: English and New York Trust, Prestige, U.C. Investments.

FUTURE DATES

Interims—

Kinta Kellas Rubber Estates	Feb. 12
M.L. Holdings	Feb. 5
Malaysia Rubber	Feb. 12
Raine Engineering Industries	Feb. 27
Ransom (William)	Feb. 12

Finals—

Beaumont Properties	Feb. 5
Plastic Construction	Feb. 10
Renown	Feb. 12
Wagon Finance	Feb. 13

Arco's A$600m Curragh mine coal contract

ANOTHER BIG Australian coal development is now under starter's orders. A contract worth A$600m (£295m) to supply 66m tonnes of coal over 20 years to the Queensland Electricity Generating Board from end-1983 has been obtained for the Curragh open-pit venture in Queensland.

America's Atlantic Richfield (Arco), Australia's R. W. Miller and Australian Consolidated Industries each have a 30 per cent stake in the venture with Japan's Mitsui holding the remaining 10 per cent. Arco also *has a one-third stake in R. W.* Miller.

Curragh is expected to start up in about two years' time and reach an eventual capacity of some 9m tonnes of coal a year. The QEGB contract will account for only about half the mine's total capacity. It will also have up to about 4m tonnes of coking coal available for export each year.

Inco: $37m in last quarter

HIGHER nickel sales revenue has cushioned the impact on Inco's fourth quarter earnings of increased losses at the Electro-Energy electric battery devision and the nickel operations in Indonesia and Guatemala.

As a result, the Canadian nickel giant reports fourth quarter earnings of U.S.$36.9m (£15.6m) compared with $38.9m in the previous three months.

In the latest quarter, Electro-Energy had operating losses of $9m compared with $6m in the previous nine months, while losses in Indonesia and Guatemala were $19.6m making $63.9m for the year.

The latest earnings bring the total for 1980 to $219.4m, or $2.56 per common share, compared with $141.7m in 1979 when the Canadian nickel and copper operations were hit by the long strike at the Sudbury, Ontario, complex.

Last year also produced higher average prices for nickel, precious metals and copper. But it also saw a fall in nickel deliveries to 345m lbs compared with 394m lbs in 1979. Copper deliveries rose to 288m lbs from 129m lbs.

Nickel production last year amounted to 394m lbs with the result that unsold stocks at December 31 had climbed to 155m lbs compared with 89m lbs a year previously.

Total sales for 1980 amounted to $3.04bn compared with $2.49bn in 1979. The outlook for the current year is hardly encouraging with weak markets for base metals, lower prices of precious metals and weakness in *the North American automotive* battery market, although labour troubles at the battery plants have now been resolved.

The picture could quite rapidly change, however, if the hoped-for improvement in the U.S. economy comes about in the second half of this year. Meanwhile, Inco is maintaining its dividend rate of 18 cents for the first quarter of this year; one payment of 15 cents and three of 18 cents were made for 1980 to bring the year's total to 69 cents against 50 cents for 1979.

GRA Prop. full year fall

DESPITE a good first half, the deepening recession resulted in pre-tax profits of G. R. A. Property Trust falling from £1.09m to £0.94m for the year to October 31, 1980.

Turnover for the period advanced from £10.87m to £11.92m. Trading profits totalled £1.43m (£1.72m) and interest took £498,000 (£641,000).

A final amount of £445,662 representing 15p in the pound and making a cumulative total of 100p is being paid or provided on January 31, 1981 in respect of claims admitted from vested external creditors.

However, the liability under guarantees given by the company in respect of certain Kay Bevan contingent creditors has not yet been determined and no amount has been admitted in respect of these external debts.

The terms of the scheme of arrangement require the scheme to continue until satisfactory arrangements have been made with these creditors so that their claims can either be admitted and paid, or withdrawn. The board will continue to press the various parties involved for an early resolution of the matter so that the scheme may be terminated, says Mr. E. J. Aaronson, chairman.

Technology Investment at £0.46m

FOR THE six months to November 30, 1980 net revenue of Technology Investment Trust fell from £509,260 to £458,631, after tax of £238,990 against £254,252 and expenses.

Gross revenue for the period totalled £746,023 compared with £812,690 and the net asset value, at the accounting date, climbed from 137p to 189p per 25p share.

As already announced the interim dividend is raised from 1.5p to 1.6p net. Last year's total payment was 4.46p.

TALKS ON PETROFINA CANADA TAKEOVER

PetroCanada aims for big league

BY ALAN FRIEDMAN

"THE ACQUISITION of Petrofina Canada," according to one senior official at Canada's Energy Ministry in Ottawa, "could move PetroCanada into the big leagues."

Although few in the Canadian oil and gas industry are surprised to hear that the Government's first big purchase (under the "Canadianisation" policy) is likely to be the subsidiary of the Belgian-based company, the deal would be an important step forward for Mr. Pierre Trudeau's controversial national energy policy.

At a prospective price of C$1.46bn (US$1.24bn), Petrofina's Canadian operations would be valued at a 36 per cent premium above last Friday's market capitalisation of C$1.07bn. Shares were suspended in Toronto, Montreal and other markets on Friday morning at a price of C$88, against the reported offer price of C$120 per share.

Such a valuation would be consistent with the Canadian Government's policy of paying a "fair" price for its acquisitions of foreign-owned oil and gas companies.

Under the Trudeau Government's National Energy Programme (NEP) and national budget, introduced last October, the goal of the Canadianisation is to acquire 50 per cent Canadian ownership of the industry by 1990. This is seen as part of a larger package which will help the country to achieve oil self-sufficiency by 1990 and will also provide the Federal Government with a larger share of oil and gas revenues.

Mr. Marc Lalonde, Canada's Energy Minister, commented in November that the programme to encourage Canadian ownership and control of the industry would give "the foreign-owned part of the industry a strong financial incentive to co-operate with the goal of increased Canadian content."

Mr. N. S. Mahlab, a vice-president of Petrofina Canada, said yesterday that negotiations with PetroCanada were continuing in Brussels, but added that there was a "strong likelihood of a deal this week."

Mr. Mahlab rated Petrofina Canada as the seventh largest integrated company in Canada's oil and gas sector. A takeover by PetroCanada, he said, would make the Government-owned company the fourth largest such company.

Although the offer price of C$1.46bn refers to all the shares in Petrofina Canada, Mr. Mahlab suggested that the deal under consideration might result in the Government oil company taking an initial stake of only 51 per cent. He said this was because the Government could first approach minority shareholders in Petrofina Canada, who currently hold 28 per cent of the shares, and then go to Petrofina SA.

Petrofina SA, the Belgian parent, might not sell all of its 72 per cent shareholding immediately, but hold on to a sizeable stake for "two to three years," according to Mr. Mahlab.

PetroCanada, cautioned that there were a "number of material conditions to be fulfilled before the deal is completed." But he said the proposed acquisition would be a significant boost to PetroCanada's nationwide operations.

The State-owned PetroCanada currently owns 370 petrol stations in the western part of Canada, but none in the east. Petrofina owns a network of around 1,200 petrol stations in Ontario, Quebec and the Maritime Provinces of the east.

PetroCanada has some refining operations in the west, but could make use of Petrofina's 90,000 barrel-a-day refinery in Montreal. Petrofina's 5 per cent stake in Syncrude, the Alberta tar sands oil conversion project, would also fit in with the Government's interest in developing in this area.

An official at the Energy Ministry in Ottawa concluded that the proposed acquisition would make a great deal of sense for PetroCanada. In particular, he said it would give PetroCanada a better position in the Canadian market and would increase its visibility. "There is a strong affinity for PetroCanada in the Canadian mind," he added.

In political terms, the deal would be a major step along the road to Canadianisation. This would be a sorely-needed achievement for the Trudeau Government, whose national energy programme has run into heavy criticism.

Last week, Dome Petroleum, the major Calgary-based oil and gas company, announced plans to form a new company with more than 75 per cent Canadian ownership in order to qualify for maximum grants under the NEP. Said one Canadian official: "It looks like Canadianisation is beginning to work."

Good first quarter at Dart and Kraft

By David Lascelles in New York

DART AND KRAFT, the large conglomerate which resulted from last year's merger of Dart Industries and Kraft Inc., improved profits in its first full quarter.

Net income was $97.2m, or $1.79 a share—up from restated combined earnings for the same period the previous year of $66.5m or $1.22 a share. Sales were $2.45bn, up from $2.26bn.

For the full year, earnings were $383.1m or $7.03 a share, compared with $359.8m or $6.62 a share in 1979. Sales were $9.41bn compared with $8.82bn previously.

Dart and Kraft said it also earned the equivalent of 18 cents a share last year from various non-operating gains, including litigation, divestitures, and certain financial effects of the merger.

Mr. John Richman, chairman, said strongest performers were foods, Tupperware and Duracell batteries, while the dairy group and chemicals-plastics were flat or lower than last year. He also warned that the 1981 first quarter could compare unfavourably with the same period of 1980 because business was unusually strong early last year.

Meanwhile, Dart and Kraft seeking official quotation on the Paris Bourse for its 54.45m ordinary nominal $2.50 shares. No details are yet available on the date of the share introduction.

Flat final quarter at Cities Service

By Our Financial Staff

CITIES SERVICE Company, the large U.S. integrated oil company, has reported almost static profits for the final quarter of 1980. Net earnings were $107.8m, or $1.29 a share, compared with $106.2m, or $1.28, despite a rise in sales from $1.5bn to $2.16bn.

A more substantial profit gain is shown for the year, from $347.5m in 1979 to $477.5m. Sales for the 12 months were $7.79bn against $6.28bn, and earnings per share were up from $4.18 to $5.73.

The company noted that $82m of its earnings for the year were attributable to crude oil supply contracts which are the subject of litigation. The company said it had made no provision for this contingency, which could have an after tax cost of $137m, applicable to periods before December 31.

Pioneer Sugar in steel bid

By James Forth in Sydney

Pioneer Sugar Mills, the Australian sugar group, has launched a A$35m ($40.8m) takeover bid for Aquila Steel Company, a steel products concern. The bid is part of diversification moves by Pioneer and follows its recent acquisition of a majority interest in the pipeline company, Australian Inter State Pipeline Company.

Pioneer has already built up a holding of 17.5 per cent in Aquila but the fate of the bid will be determined by the family of Mr. Richard Keighery, the chairman, which holds more than 40 per cent of the capital. Pioneer is standing in the market for one month and will take all shares offered at A$2.55 a share, which compares with a pre-offer market price of A$1.95.

French bank's Swiss bond brings steep rise in yields

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

A STEEP rise in new issue yields for Swiss franc foreign bonds was implemented yesterday when the coupon on the forthcoming SwFr 100m, 10-year bond for Banque Francaise du Commerce Exterieur (BFCE) was set at 5¾ per cent by the lead manager, Credit Suisse.

This is fully ¼ per cent higher than the coupon on the current SwFr 100m issue for the World Bank. A jump in coupons was largely expected in a market which has recently been suffering from the weakness of the Swiss currency against the dollar and high short-term interest rates. But coming when it has, it is likely to dampen considerably the already lukewarm reception accorded to the World Bank bonds

The BFCE issue is priced at par to give an overall yield well above rates available on short-term investments. Eurofranc deposits yesterday stood at 6⅞ for 12 months.

Seasoned Swiss franc issues were weaker in the secondary market yesterday, shedding ½ points on average in fairly active trading. Losses of up to 2¾ were registered on individual issues.

The decision by the Swiss National Bank to raise the discount rate by 1 per cent underscored investor fears that short-term rates are set to remain high for the time being, although the movement itself simply brings the discount rate closer into line with existing money market rates.

In the dollar sector, French borrowers were also the focus of attention as SNCF launched a $75m, 10-year issue with a coupon of 13 per cent through Societe Generale. This is a "bought deal" and issue price is par.

Dealers said the pricing seems fairly fine, but it is broadly in line with that on the most recent French state bond, the EDF issue launched at the turn of the year, also with a 13 per cent coupon, which was quoted yesterday at 98¼ midpoint.

Straight dollar Eurobonds gained ¼ of a point on average in light trading, although most of the gains came in the morning.

The New York market failed to follow through its rally of Friday night, after the fall in U.S. money supply. This lent a note of caution in afternoon Eurobond business as the market is still cautious ahead of this week's heavy U.S. Treasury financing programme.

Elsewhere, Tipco NV, a subsidiary of Texas International, launched a $30m convertible Eurobond through Paribas and the London office of Donaldson, Lufkin and Jenrette, the U.S. brokerage concern. The 15-year bonds carry an indicated coupon of 8 to 8¼ per cent paid semi-annually and a conversion premium of 12 to 15 per cent.

Westland-Utrecht is raising LuxFr 250m through a five-year bond with a coupon of 13 per cent and issue price of 100¼. Lead manager is Kredietbank Luxembourgeoise.

In the D-Mark sector, foreign bonds showed little change overall, although individual price movements were mixed.

Latin American countries behind surge in credits

BY FRANCIS GHILES

BORROWING IN the international credit markets got off to a flying start this year. A total of $7.99bn worth of publicised new medium-term credits were announced in January, according to figures released by Morgan Guaranty. This contrasts sharply with the figure of $2.95bn in January last year, but is much in line with what was happening at the end of last year.

Last November $8.77bn worth of new credits were announced, while in December that figure declined slightly to $8.67bn. Two groups of countries have provided the impetus behind the high figures for January. Industrial countries borrowed $5.1bn last month, compared with a figure of $1.5bn the same time last year, while Third World countries who are not members of Oil Petroleum Exporting Countries (OPEC) raised $2.31bn in 1981 compared with $819m over the same period last year.

The increase in borrowing by such countries is essentially accounted for by Mexico, which borrowed $750m, and Brazil and Argentina which borrowed $250m each. In January 1980 none of those countries raised loans.

$200m 'club' loan for Dome

By Our Euromarkets Staff

DOME PETROLEUM is arranging a $200m credit on a club basis with a group of between 10 and 14 international banks.

Hambros is acting as agent for this loan which is being lead managed by the borrower. Dome Petroleum is paying a spread of ⅝ per cent over the interbank rate for the first five years rising to ¾ per cent for the last five with five years grace.

The response from the banks involved has been so good that the amount of the loan could well be increased.

Allegheny withdraws Wrangler bid

By Ian Hargreaves in New York

ALLEGHENY LUDLUM, the Pittsburgh-based specialty steels and consumer products group, has formally withdrawn its offer, said to be worth $504m in stock and debentures, for Blue Bell, the Carolina textiles company which makes Wrangler jeans.

Blue Bell said it had been advised by First Boston that the securities offered were worth "substantially less" than the claimed value. Its board had consequently turned down the proposal.

It is possible, however, that the Blue Bell story is not complete, as another company, Bass Brothers Enterprises, an oil and gas business, says it has bought 6.8 per cent of Blue Bell's common shares on the open market as an investment.

United Technologies advances

BY IAN HARGREAVES IN NEW YORK

UNITED TECHNOLOGIES, the diversified U.S. industrial group, grew strongly last year in both sales and profits, despite a lacklustre performance from its power division, whose largest component is the Pratt and Whitney aero-engines subsidiary.

The company yesterday reported 1980 earnings of $393.4m on sales of $12.3bn. This represented a 21 per cent increase in profits and a 36 per cent rise in sales.

Much of the growth is attributable to UT's consolidation in 1980 of its latest acquisitions — Mostek, which makes electronics components, and Carrier, the air conditioning concern.

In the final quarter, UT showed earnings of $102.5m on sales of $3.5bn, compared with profits of $89m on sales of $3bn. Annual per share earnings were $6.51 against $5.71 after a final quarter contribution of $1.70 against $1.46. The quarterly dividend is up from 55 cents to 60 cents.

But the company's breakdown of operating profits shows that it was held back during the year by Pratt and Whitney, which was engaged in heavy development costs of major new products and in highly competitive pricing in bidding for engine contracts.

For 1980, UT's power division recorded operating profits of $343.7m, only slightly higher than the $321.3m of 1979. Sales of power division goods were up from $3.7bn to $4.7bn.

Profits grew very sharply, however, in the company's other divisions. The flight group, primarily Sikorsky helicopters, earned $69.4m operating profits, up from $40.9m, and the industrial products segment earned $345.7m compared with $189.6m.

UT ended the year with a total order book of $11.4bn up 9 per cent from the $10.5bn total at the end of 1979.

The company said it would continue to deal with the recessionary climate by expanding its product range

Rebound at Scott Paper

By Our Financial Staff

SCOTT PAPER, the Philadelphia-based paper towels and tissues manufacturer, staged a strong upturn in the final quarter of last year, after being dogged by strikes and weak markets during the first nine months.

At the year end, profits showed a fall of only 2.6 per cent at $133.5m, or $3.43 a share, on sales 9 per cent ahead at $2.08bn. Earnings jumped by 9.2 per cent to $35m, or 90 cents, in the final quarter of the year, with sales 16 per cent higher at $523.6m.

Growth in earnings slows at Texas Instruments

BY TERRY BYLAND

EARNINGS AT Texas Instruments, manufacturer of electronic calculators and semi-conductor products, rose 23 per cent to $212.2m in 1980. But profits growth slowed down in the final quarter and the company expects a difficult first half this year, due to the weakness in the U.S. economy, continued deterioration in the European economy and slower growth in Japan.

No figures were given for the last quarter of 1980 but the board said net income was up 16 per cent, or 14 per cent at per share level. Sales gained 20 per cent, compared with a rise of 26 per cent to $4.07bn for the full year.

However, the industry has been expecting a slowdown in the current year and Wall Street analysts have recently predicted that Texas Instruments will achieve a further increase in profits by the end of the year. The past decade has been one of substantial growth at the company, whose earnings totalled only $97m as recently as 1976.

The company said its order backlog at the end of December was $2.07bn, an increase of $212m from the levels of a year ago.

Chase looks at overseas retail banking

By Michael Lafferty, Banking Correspondent

CHASE MANHATTAN Bank is considering another move to expand into retail banking outside the U.S.

Mr. Tom Labrecque, Chase's chief operating officer, said in London last week that the bank had already formed a unit in New York to work on an international retail banking strategy. This was being planned in cooperation with Chase Manhattan branches abroad, which at present are almost totally engaged in wholesale banking activities.

Banks boost profits by buying back debts

BY OUR NEW YORK STAFF

MANY OF the U.S. largest banks used the depressed state of the U.S. credit markets last year to buy back a portion of their debt cheaply, it transpires from year-end earnings reports they have issued in the last fortnight. The gain netted them a handsome profit at a time when margins were under strong pressure from high interest rates.

What is more, the profits were tax-free. But a new ruling which took effect at the beginning of this year makes such gains taxable, which is another reason why the banks made the repurchases when they did.

The banks involved included Chase Manhattan, Bank of America, J.P. Morgan, (parent of Morgan Guaranty), Bankers Trust and Manufacturers Hanover.

In Chase's case the bank repurchased $30m principal amount of 4.60 per cent capital notes which were trading well below par value because of the present level of interest rates. The transaction netted Chase a non-taxable profit of $3.6m in the fourth quarter, equivalent to about five per cent of profits in that period.

Morgan bought in its 8 per cent notes due 1986 at prices below their par value of $22.2m, resulting in a profit of $4m, equivalent to just under five per cent of fourth quarter earnings.

One of the biggest gains was at Bank of America which netted $23m, or 14 per cent of its final quarter earnings this way.

Banks included these profits in their operating income, which drew criticism from some quarters because it is strictly a once-and-for-all gain, particularly now that the tax loophole has been closed.

The effect of these transactions is to shrink the banks' balance sheets, though the sums are so small as to be virtually invisible. Similarly, they alter the bank's debt-equity ratio, though only by a small amount. Manufacturers, which conducted what was proportionately one of the largest transactions, redeemed $80m of debt, which represents only 0.15 per cent of its $55bn balance sheet.

Mr. Ronald Mandle, bank securities analyst at Paine Webber Mitchell Hutchins, commented: "It was a good moment from the earnings standpoint for the banks to buy in their debt because of the depressed price of their securities and the tax situation. But so far as the balance sheet is concerned, the numbers are so small that they could get lost in the rounding."

AMERICAN QUARTERLIES

ALLIED CHEMICAL

	1980	1979
Fourth quarter	$	$
Revenue	1.45bn	1.30bn
Net profits	81.4m	67.45m
Net per share	2.27	2.20
Year		
Revenue	5.52bn	4.33bn
Net profits	298.87m	10.83m
Net per share	8.15	0.20

AMERADA HESS

	1980	1979
Fourth quarter	$	$
Revenue	2.25bn	2.12bn
Net profits	106.6m	118.9m
Net per share	1.27	1.42
Year		
Revenue	7.96bn	6.81bn
Net profits	540.24m	507.12m
Net per share	6.44	6.08

COX BROADCASTING

	1980	1979
Fourth quarter	$	$
Revenue	88.7m	72.4m
Net profits	13.4m	11.9m
Net per share	0.99	0.88
Year		
Revenue	309.2m	248.8m
Net profits	46.5m	40.0m
Net per share	3.44	2.97

CPC INTERNATIONAL

	1980	1979
Fourth quarter	$	$
Revenue	1.08bn	973.8m
Net profits	58.37m	49.85m
Net per share	2.45	2.10
Year		
Revenue	4.12bn	3.70bn
Net profits	197.4m	178.65m
Net per share	8.28	7.51

DIEBOLD

	1980	1979
Fourth quarter	$	$
Revenue	85.1m	87.6m
Net profits	5.3m	6.26m
Net per share	0.93	1.10
Year		
Revenue	346.9m	305.2m
Net profits	21.24m	18.1bn
Net per share	3.72	3.19

DOMTAR

	1980	1979
Fourth quarter	C$	C$
Revenue	418.7m	403.4m
Net profits	25.2m	28.3m
Net per share	1.44	1.90
Year		
Revenue	1.67bn	1.51bn
Net profits	94.6m	97.9m
Net per share	5.66	6.57

R. R. DONNELLY & SONS

	1980	1979
Fourth quarter	$	$
Revenue	311.9m	281.3m
Net profits	20.1m	19.0m
Net per share	1.07	1.02
Year		
Revenue	1.11bn	957.8m
Net profits	69.0m	63.3m
Net per share	3.70	3.42

DOW JONES

	1980	1979
Fourth quarter	$	$
Revenue	147.6m	122.7m
Net profits	19.31m	13.56m
Net per share	1.24	0.87
Year		
Revenue	530.7m	440.9m
Net profits	58.88m	51.06m
Net per share	3.70	3.29

DUN & BRADSTREET

	1980	1979
Fourth quarter	$	$
Revenue	311.3m	263.8m
Net profits	26.5m	23.0m
Net per share	0.95	0.83
Year		
Revenue	1.17bn	951.7m
Net profits	102.7m	88.8m
Net per share	3.68	3.19

ELECTRONIC DATA

	1980-81	1979-80
Second quarter	$	$
Revenue	109.4m	90.2m
Net profits	9.2m	6.57m
Net per share	0.67	0.48
Three months		
Revenue	214.2m	175.0m
Net profits	17.8m	13.3m
Net per share	1.30	0.98

FRONTIER AIRLINES

	1980	1979
Fourth quarter	$	$
Revenue	123.3m	106.0m
Net profits	10.42m	6.94m
Net per share	1.23	0.71
Year		
Revenue	468.9m	389.7m
Net profits	23.22m	21.88m
Net per share	2.76	2.58

GLOBAL MARINE

	1980	1979
Fourth quarter	$	$
Revenue	64.0m	42.7m
Net profits	14.54m	7.38m
Net per share	1.08	0.69
Year		
Revenue	219.9m	154.6m
Net profits	44.88m	20.76m
Net per share	3.47	2.64

INTEGON

	1980	1979
Fourth quarter	$	$
Net profits	5.33m	4.71m
Net per share	0.84	0.75
Year		
Net profits	18.26m	16.38m
Net per share	2.90	2.62

KNIGHT-RIDDER

	1980	1979
Fourth quarter	$	$
Revenue	303.0m	267.2m
Net profits	29.0m	24.5m
Net per share	0.90	0.75
Year		
Revenue	1.09bn	979.9m
Net profits	92.9m	88.4m
Net per share	2.87	2.69

LENOX INC.

	1980	1979
Fourth quarter	$	$
Revenue	73.2m	67.2m
Net profits	8.28m	7.39m
Net per share	1.87	1.68
Year		
Revenue	242.6m	218.1m
Net profits	18.8m	16.7m
Net per share	4.26	3.80

LTV CORPORATION

	1980	1979
Fourth quarter	$	$
Revenue	2.21bn	1.95bn
Net profits	59.5m	48.3m
Net per share	1.52	1.68
Year		
Revenue	8.01bn	8.0bn
Net profits	127.9m	173.5m
Net per share	3.95	6.03

NALCO CHEMICAL

	1980	1979
Fourth quarter	$	$
Revenue	162.6m	158.5m
Net profits	20.1m	16.52m
Net per share	1.00	0.83
Year		
Revenue	616.7m	578.9m
Net profits	72.26m	63.28m
Net per share	3.61	3.18

OHIO CASUALTY

	1980	1979
Fourth quarter	$	$
Net profits	19.86m	22.12m
Net per share	1.70	1.89
Year		
Net profits	69.59m	82.97m
Net per share	5.95	7.11

NORTHWEST INDUSTRIES

	1980	1979
Fourth quarter	$	$
Revenue	825.9m	691.4m
Net profits	54.8m	48.5m
Net per share	1.78	1.58
Year		
Revenue	2.88bn	2.58bn
Net profits	155.4m	172.2m
Net per share	5.03	5.60

PENNZOIL

	1980	1979
Fourth quarter	$	$
Revenue	689.4m	603.1m
Net profits	77.5m	73.16m
Net per share	1.47	1.43
Year		
Revenue	2.48bn	2.05bn
Net profits	306.6m	238.5m
Net per share	5.90	4.69

PHELPS DODGE

	1980	1979
Fourth quarter	$	$
Revenue	343.8m	326.9m
Net profits	28.9m	37.6m
Net per share	1.34	1.74
Year		
Revenue	1.44bn	1.28bn
Net profits	91.3m	110.8m
Net per share	4.20	5.06

PUROLATOR

	1980	1979
Fourth quarter	$	$
Revenue	145.3m	121.2m
Net profits	†6.69m	3.76m
Net per share	†1.51	0.85
Year		
Revenue	581.3m	473.1m
Net profits	1.12m	17.31m
Net per share	0.25	3.85

† Loss

SHELL CANADA

	1980	1979
Fourth quarter	C$	C$
Net profits	88.0m	85.0m
Net per share	0.83	0.80
Year		
Net profits	355.0m	259.0m
Net per share	3.34	2.42

YELLOW FREIGHT

	1980	1979
Fourth quarter	$	$
Revenue	19.83m	224.6m
Net profits	6.17m	4.58m
Net per share	0.43	0.32
Year		
Revenue	776.5m	852.9m
Net profits	21.05m	20.74m
Net per share	1.48	1.45

ZAPATA CORPORATION

	1980-81	1979-80
First quarter	$	$
Revenue	122.4m	98.4m
Net profits	14.5m	6.29m
Net per share	0.88	0.34

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12. Closing prices on February 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13⅜ 88	75	97⅛	97⅝	+0⅛	0	13.79
CECA 11⅞ 88	100	91⅝	92⅛	+0⅛	+0⅜	13.25
CNE 12¾ 91	100	95⅜	95⅞	—	—	13.57
Citicorp O/S Fin. 10 86	300	87¾	88¼	+0⅛	+0½	13.20
Citicorp O/S Fin. 12 87	200	93½	94	+0⅛	+0⅛	13.44
Con. Illinois O/S 9¾ 86	150	85⅞	86⅜	+0⅛	+0⅜	13.48
Denmark 11¼ 90	100	89⅜	89¾	+0⅜	+0⅜	13.78
Dome Petroleum 13½ 92	50	98¼	98¾	+1¼	+1⅝	13.74
Dupont Canada 13½ 91	65	98¼	98¾	+0½	+0⅞	13.78
EEC 11 95 (May)	75	84½	85	0	+0⅛	13.43
EEC 11 95 (August)	70	83⅛	83⅜	−0½	+0⅛	13.66
EIB 13¾ 90	100	99⅞	100⅜	+0⅜	+0⅞	13.69
Eksportfinans 9½ 87	75	84⅜	84⅞	+0¼	+0⅜	13.14
Elec. de France 10 88	125	85¼	85¾	+0½	+0⅜	13.15
Elec. de France 13 88	125	98⅜	98⅞	+0⅜	+0⅜	13.31
Export Dv. Cpn. 12¾ 87	100	97⅜	97⅞	+0¼	+0⅞	13.29
Export Dv. Cpn. 9½ 86	150	86¼	86¾	+0⅛	+0⅜	13.39
Fin. Exp. Credit 10½ 85	50	88⅝	89⅛	+0⅜	+0⅛	13.99
Finland, Rep. of 9½ 86	100	83⅞	84⅜	+0⅜	+0⅜	14.03
Ford Credit O/S 14⅜ 83	150	98⅜	98⅝	−0¼	−2¼	16.25
Ford O/S Fin. 12⅝ 85	250	89⅞	90⅜	−0⅜	−0⅜	15.91
Gaz de France 13½ 88	80	100⅜	100⅞	+0⅛	+0½	13.31
GMAC O/S Fin. 12 87	100	91½	92	+0⅛	0	13.94
GMAC O/S Fin. 12⅞ 88	100	94⅞	95⅜	+0½	+0⅜	14.07
Gen. Mtrs. O/S 11⅜ 87	100	91⅜	91⅞	+0⅜	+0⅜	13.70
GTE Fin. 13¾ 86 (WW)	50	98⅞	99⅜	+0⅜	+0¼	13.99
Hudson's Bay 11½ 90	75	88	88½	+1¼	+1⅜	13.77
IBM Canada 10½ 85	50	96⅜	96¾	+0½	+0⅜	11.47
IBM Wld. Trade 12½ 88	200	97⅝	98⅛	+0½	+0⅜	12.95
Newfoundland 13½ 90	60	96¼	96¾	—	—	14.21
Nova Scotia 10¾ 90	50	85⅜	85⅞	−1½	−0⅞	13.60
OKB 10 85	50	89⅜	90⅜	+0½	+0⅜	13.10
Pemex 11½ 88	100	85½	86	0	−0⅜	14.74
Quebec Hydro 11½ 92	100	86	86½	+0⅜	+0⅜	13.95
Queb. Hy. 13 91 (WW)	100	93⅜	93⅞	—	—	14.28
Roylease 11⅜ 85	50	92⅞	93⅜	+0⅜	+0⅞	13.38
SNCF 12⅞ 85	50	97⅜	97⅞	+0⅜	+0⅜	13.16
Sweden 12⅞ 85	150	95⅜	96⅛	+0⅜	+0½	13.58
Swed. Ex. Credit 12 83	50	95	95½	+0½	+0⅜	14.18
Swed. Ex. Credit 13 86	75	96	96½	+0½	+0⅞	14.09
Unilever NV 9¾ 90	100	82⅜	82⅞	+0⅜	+0⅜	13.02
World Bank 9¾ 85	200	88½	89	+0⅜	+0⅜	13.26
World Bank 10⅜ 87	300	87⅜	87⅞	+0⅜	+0½	13.27

Average price changes... On day +0¼ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 90	100	92	92⅜	+0½	−1	9.60
Australia 8⅞ 90	250	96⅜	96⅞	−0⅛	−0⅜	8.69
Austria, Rep. of 8¼ 92	150	91⅜	92⅜	+0⅜	−1¼	9.40
BFCE 8⅞ 95	100	91⅜	92⅜	+0⅜	−0½	9.14
CECA 7⅞ 92	150	90⅜	91⅜	−0⅜	−1	9.16
Cil-Honeywell 8⅜ 90	125	92⅞	93⅞	−0⅞	−2⅜	9.45
Denmark 8¾ 92	100	94½	95½	−0⅜	−0⅞	8.98
EIB 8½ 90	200	95⅜	96⅜	−0⅜	−0⅜	9.17
ESCOM 9¼ 87	100	96⅞	97⅜	0	−0½	9.81
Iberduero SA 9 90	100	97	98	+0⅛	−0⅜	9.39
Ind. Bk. Finland 9½ 90	50	92½	93½	+0⅜	−1⅜	9.63
Japan Air Lines 8⅜ 87	100	94⅜	95⅜	−0⅜	−1½	9.19
Japan Dev. Bk. 7⅝ 87	100	91⅜	91⅞	−0⅜	−1⅜	9.40
Kobe, City of 8 90	100	93⅜	94⅜	−0⅜	−0⅜	9.00
Midland Int. Fin. 8½ 90	180	95⅜	95⅞	+0⅜	−1	9.21
Norway 7½ 85	250	94⅜	95	+0⅜	−2⅜	9.18
Nuclebras 9¾ 88	100	90⅜	91½	+0⅜	−1⅜	11.62
OKB 8¼ 92	150	91¼	92	+0⅜	−1⅜	9.47
Oslo, City of 8⅜ 90	80	99⅜	100⅜	+0⅜	+0⅛	8.79
Venezuela, R. of 9¾ 90	150	96¼	97	+0⅜	−0⅞	10.30
World Bank 8 90	700	90⅞	91⅜	0	−1	9.42
World Bank 10 86	150	103⅞	104⅜	+0½	−1⅜	8.93
World Bank 10 90	200	105⅜	106⅜	+0½	+0⅜	9.00

Average price changes... On day 0 on week −1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	†96	97	−0½	−0⅜	5.85
Bayer Int. Fin. 5⅜ 92	100	96⅜	98⅜	−0½	−2	5.67
Bergen, City of 6 90	50	99⅞	100⅜	−0⅜	−0⅞	5.99
Buhrm'n-Tetterode 7 90	40	104⅜	104⅜	0	−0½	6.37
Copenhagen Tele. 5⅜ 90	60	93⅞	93½	−0⅜	−1⅜	6.70
Denmark 5¾ 90	80	95⅜	95½	+0⅛	+0⅞	6.41
EIB 4⅜ 94	100	84⅛	84⅜	−0⅜	−1½	6.08
Elet. de France 5⅜ 90	100	97⅜	97½	−0½	−1	5.61
Eurofima 5¾ 92	80	102⅜	102⅜	+0⅜	+0⅜	5.48
F. G. H. Hypo. Bk. 6 90	50	†97½	98½	−1	−3⅜	6.28
Finland, Rep. of 5⅜ 90	80	93⅜	93⅜	−0⅜	−0½	6.59
GZB 4¾ 89	100	86⅜	88⅜	+0⅜	0	6.35
Int.-Amer. Dev. 7 90	80	102½	102⅜	−1	−2	6.61
Japan Dev. Bk. 5¾ 90	100	98⅜	99	−0⅜	−1½	5.90
Jutland Tele. 5½ 90	50	†93	93½	−1⅜	−1⅜	6.51
Mt. Blanc Tunnel 5½ 90	60	96	96⅜	−0⅛	−1⅜	5.04
Newag 5⅜ 90	80	98½	98⅜	−0⅜	−1	5.94
Nippon Tel. & T. 4¾ 89	100	91⅜	91⅜	−0⅜	−2	5.55
Norges Komm. 4⅜ 91	100	85⅜	85⅞	+0⅜	−0⅞	6.24
OKB 4⅜ 91	100	84	84¼	−1	−3	6.47
OKB 6 90	100	99⅞	100⅜	+0½	−0⅜	6.00
Oslo, City of 4⅜ 91	100	83⅜	83½	−2⅜	−2⅜	6.58
Oslo, City of 5⅞ 90	80	98	98¼	−1½	−2⅜	6.13
Philips Lamps 5¾ 92	100	93⅜	93⅜	−0½	−2⅜	6.05
Sekisui Pre. Hms. 6 90	80	98½	98⅜	0	−1⅞	6.19
Shikoku El. Pwr. 4¾ 89	100	96⅜	95⅜	−0⅛	−0⅜	5.46
Trade Dev. Fin. 6⅜ 90	50	94⅜	94⅜	−0⅜	−0⅜	6.92
Voest-Alpine 5¾ 90	80	97¼	97½	−0⅛	−1⅜	6.11

Average price changes... On day −0⅜ on week −1⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅜	93⅜	0	+0⅜	8.76
Australia 6½ 88	20	88⅜	89⅜	+0½	+0⅞	8.68
EIB 7⅜ 89	12	93⅜	94⅜	0	+0⅜	8.78
Finland 5.6 83	10	91½	92½	+0⅜	+0⅜	8.98
Finland 6.8 88	10	87⅜	88⅜	−0⅜	+0⅞	9.20
Finland, Rep. of 8¾ 87	15	96½	97½	+0⅛	+0⅜	9.00

Average price changes... On day +0⅜ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 83 C$	80	91	91½	−0⅛	−0⅛	12.99
CIBC 13½ 85 C$	50	†98½	99⅜	0	0	13.81
CIBC 11½ 85 C$	60	†92½	93⅜	−0⅜	−0⅛	13.68
Federal Dev. 11½ 90 C$	60	†84⅜	85⅜	0	−0⅜	14.41
Fst. Can. Inv. 10 84 C$	50	†89½	90⅜	0	−0⅜	14.00
R. Bk. Canada 10 85 C$	40	90	91	−0⅛	0	12.53
Tordom Cpn. 13½ 85 C$	30	†98	98⅜	−0⅜	0	13.97
M. Bk. Dnmk. 9 91 EUA	25	91	92	−0⅛	−0⅛	10.33
SOFTE 8⅜ 89 EUA	40	88⅜	88⅜	−0⅜	−0⅜	10.60
U Bk. Nrwy. 9½ 90 EUA	18	98⅜	98⅜	−0⅜	−0⅜	9.66
Bk. Mees & H. 10 85 Fl	75	100	100½	0	−1	9.89
F. G. Hypo 9¾ 87 Fl	60	93⅜	94⅜	−0⅜	−0⅜	11.05
Heineken NV 10 87 Fl	100	97⅜	97⅜	+0⅜	0	10.55
Nat. Inv. Bk. 10 87 Fl	75	97⅜	97⅜	0	−0⅛	10.55
Nat. Neder. 9½ 87 Fl	60	94⅜	95⅛	+0⅛	0	10.5[illegible]
Ned. Midd. Bk 10 85 Fl	75	100⅛	100⅜	+0½	−0⅛	9.83
Aero Paris 13⅜ 87 FFr	150	96	97	−0⅛	−0⅜	13.92
Charb'nages 13⅞ 95 FFr	400	99	100	0	−0½	13.99
CECA 14⅛ 86 FFr	150	99⅜	100⅞	0	0	14.10
EIB 14⅜ 88 FFr	300	99⅛	100⅛	0	−0⅛	14.17
Finland 11 84 FFr	80	91⅜	92⅜	+0⅜	+0½	14.00
Gaz de France 11 84 FFr	150	91⅞	92⅞	0	0	13.69
La Redoute 14½ 85 FFr	125	96½	97½	0	−0⅜	15.28
Renault 9⅜ 85 FFr	100	84⅜	85⅜	−0⅛	−0⅛	14.57
Utd. Mex. Sts. 14 85 FFr	150	98½	99½	0	+0⅛	14.26
Acona 14 85 £	20	93½	94⅜	−0½	−0⅞	15.82
Beneficial 14⅛ 90 £	20	94	94⅜	+0⅜	−0⅛	15.38
Beneficial 14⅛ 90 £	20	93⅞	94⅜	+0⅛	−0⅜	15.40
BNP 13½ 91 £	15	95⅞	96⅜	0	−0⅛	14.27
CECA 13½ 88 £	20	95⅜	96⅜	+0⅛	−0⅛	14.35
Citicorp O/S 13½ 90 £	50	95⅛	96⅛	+0⅜	−0⅜	14.37
Fin. for Ind. 14½ 88 £	20	100⅜	100⅞	+0⅛	0	14.37
Fin. for Ind. 13⅜ 87 £	20	96⅞	97⅜	0	−0½	14.37
Gen. Elec. Co. 12½ 89 £	50	94⅜	94⅞	−0⅛	+0⅛	13.64
Peugeot SA 14 90 £	23	94½	95⅜	+0⅜	−0⅜	15.00
Rothschild 14⅞ 90 £	12	97⅛	98½	0	+0⅜	14.58
Swed. Ex. Cr. 15⅛ 85 £	20	102⅜	103⅜	+0⅛	−0⅜	14.28
Banobras 8¾ 90 KD	7	†87⅞	87⅞	0	0	10.44
CCCE 8½ 91 KD	10	†82	82½	0	+0½	11.73
Sonatrach 8½ 90 KD	12	†88⅞	88⅜	0	0	10.53
Akzo 9¼ 87 LuxFr	500	91⅜	92⅛	+0⅛	+0⅞	11.00
Euratom 9¾ 88 LuxFr	500	95⅜	96⅞	+0½	+0⅞	10.51
Eurofima 10½ 87 LuxFr	500	98½	99½	+0⅛	+0⅛	10.69
EIB 9¾ 88 LuxFr	600	96⅜	97⅜	0	−0½	10.43
Volvo 9¾ 87 LuxFr	600	93	94	+1⅞	+2⅜	11.14

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0⅛	†98½	99	2/7	16⅞	16.84
Bank of Montreal 5¼ 90	0¼	99⅞	100⅜	18/6	19½	19.48
Bank of Tokyo 5¼ 89	‡0⅜	98⅜	99⅜	25/4	19.31	19.51
BBL Int. 5 86	0⅛	98⅞	99⅜	20/5	16½	16.75
Bergen Bk. A/S 6 89	‡0¼	†98⅛	98⅝	29/2	18.19	18.49
BNP 5½ 88	0⅜	99	99½	29/4	18.69	18.83
CNT 5⅜ 86	§0⅜	98½	99⅜	16/4	13⅜	13.47
Citicorp O/S F. 84	‡0	99	99⅜	31/1	18⅜	18.51
C. Itoh 5⅜ 87	0⅜	98½	99	16/3	12⅞	13.04
Co-operative Bk. 6 86	0⅜	97½	98	15/5	15⅜	15.80
Den Norske Credit 6 90	0¼	†97¾	98¼	5/2	15⅜	16.07
Genfinance 5⅜ 87	0¼	98⅜	98⅞	30/4	15⅛	15.37
Giro und Bank 5⅜ 91	0⅜	98½	99	23/3	20½	20.76
GZB 6½ 89	‡0⅜	98⅜	99¼	1/2	15.06	15.22
Jugobanka 8 89	0⅞	†91	93	23/5	16⅜	18.21
Ind. Bank Japan 5¼ 87	0¼	97⅞	98½	15/4	13.31	13.57
Ind. Bank Japan 5⅜ 88	0⅜	97⅜	97⅜	9/4	13⅜	13.46
Lloyds Eurofin 8 90 £	0¼	95⅜	95⅜	3/7	14½	15.18
Lloyds Eurofin 5⅜ 92	0⅜	98⅜	98⅜	4/6	17⅛	17.53
LTCB Japan 5⅜ 86	0⅜	100½	101	13/6	20.19	20.04
Man. Hanov. O/S 5¼ 94	‡0⅛	98⅜	98⅜	29/2	18⅜	18.42
Midland Intl. Fin. 5 89	0⅛	†100⅛	100⅜	30/6	19.56	19.48
Midland Intl. Fin. 5⅜ 92	0⅜	98⅛	98⅜	5/6	17.19	17.47
Nacional Fin. 6⅜ 88	0⅜	99⅛	99⅜	25/7	17⅜	17.86
Nat. West. 5⅜ 94	§0⅜	96½	97	14/4	13⅜	13.70
Nat. West. 5⅜ 92	§0⅛	96½	97⅛	23/4	13.69	14.11
Nippon Credit 5¼ 87	‡0⅛	99⅜	99⅜	6/2	16.06	16.14
Sparebanken 6 87	0⅜	98⅜	99⅛	19/6	19⅞	20.08
Standard Chart. 5½ 90	0⅜	98½	99	6/3	12.06	12.22
Svenska Hndlsbk. 5 87	0⅜	99⅜	99⅜	15/7	17.81	17.83
Bq. Ex. d'Alg. 4½ 89 SF	0⅜	†97	97½	18/8	7½	8.22

Average price changes... On day +0⅜ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	104⅜	105⅜	−0⅜	14.49
Canon 8⅜ 95	1/81	829	110⅞	111⅞	+1⅞	3.76
Credit Suisse 4½ 93	10/79	1278	99	99½	−0⅜	−5.50
Digicon Fin. 8½ 95	10/87	29.6	98½	99⅜	−0⅜	18.57
Ensearch Fin. 9½ 94	7/80	30.25	154½	155⅜	−2⅜	−4.13
Hanson O/S Fin. 9½ 95	1/81	1.92	99⅜	100⅜	−0⅜	−2.15
Ina Overseas 8⅜ 2000	4/81	42	99⅜	100⅜	−0⅜	13.51
Inchcape Ltd. 8 95	2/81	4.55	92⅜	93⅜	+0⅜	−0.79
Jaccs 7½ 95	11/80	565	131⅞	132⅛	+0⅜	−2.86
Marion Int. Fin. 9 95	12/80	23.25	98⅛	98⅛	−1⅜	3.06
Matsushita El. 7½ 95	11/80	590	104⅜	105⅜	+1⅜	6.79
MEPC 8⅜ 96	2/81	2.67	100⅜	101⅜	+0⅜	8.81
Niigata Eng. 7½ 96	1/81	327	105	106	+1	−1.11
Nissho-Iwai Co. 8 96	10/80	398	95⅜	96⅜	+3½	−1.82
Ricoh 6⅜ 95	8/80	604	119⅜	120⅛	+0⅜	−0.70
Sumitomo M. Ind. 7 95	2/81	181	111⅜	112⅜	+0⅜	0.98
Swiss Bk. Cpn. 6½ 90	9/80	200	88	90	−1	14.15
Taylor Woodrow 8⅜ 90	1/81	4.98	94⅜	95⅜	−0⅜	2.78
Transco Int. 8⅜ 95	2/81	66	90	91⅛	−1⅜	29.38
Tricorp 8½ 95	12/80	31.25	91½	93	+0⅜	11.61
Union Bk. Switz. 5 89	2/80	121.4	84⅜	86⅜	−0⅜	−16.15
Fujitsu 6 84 DM	7/79	431.5	144	145	+0⅜	−1.93
Sharp Cpn. 6½ 86 DM	9/80	595	140½	141½	+2⅜	−2.30
Uny Co. 6½ 85 DM	11/79	967.3	114½	115½	+0½	−1.19

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Terry Dodsworth in Paris reports on a funding dilemma for the French Treasury

Giscard innovation backfires

NOT MANY funding innovations can have backfired quite so painfully as the 7 per cent gold-linked bond launched by the French Government in 1973.

Eight years ago gold cost $100 per fine ounce. Today, at around $500, the price of gold is some $350 short of its peak of a year ago. But this still leaves the bond's creator, President Giscard d'Estaing, acutely embarrassed by the inflated cost of financing the debt.

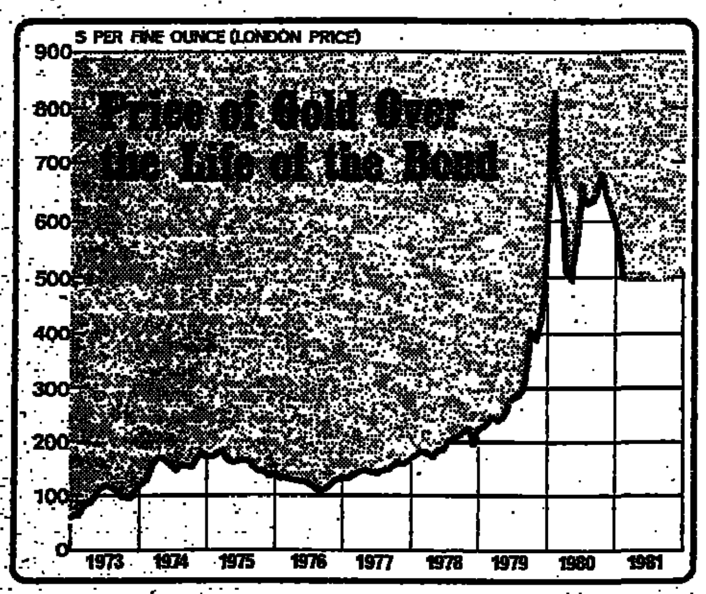
On the eve of the presidential elections, it has given his political enemies, and particularly the Communist Party, just the example they needed to illustrate their attacks on the inequities of a capitalist, rentier society.

The peculiarity of the 7 per cent bond was a fall-back clause which tied its interest and capital repayments to the price of gold ingots in certain situations. This guarantee was to come into play if the link between gold and Western currencies were abandoned during the lifetime of the bond, due to be repaid in 1988. At a time when the French gilt-edged market needed stimulation, M. Giscard, the high flying Finance Minister of the period, evidently calculated that a bond promising the investor a kind of paper gold had the right quality to appeal to his countrymen.

Fairly early in the life of the issue, when the International Monetary Fund meeting in Jamaica in 1976 abandoned the monetary link between world currencies and gold, it became clear that the safeguards would have to be brought into operation. France, although not ratifying the IMF decision, had to start paying the consequences, with its commitment growing ever larger as the gold price soared in the wake of the oil crisis.

This month the French Treasury paid out interest on the bond of FFr 4bn ($870m), compared with FFr 2.5bn in January last year and FFr 1.2bn in 1979. By a coincidence, the last two years' payments amount exactly to the total raised by the issue seven years ago—FFr 6.5bn.

Estimates of the total Government commitment to buyers of the bond have reached dizzying heights. Even with the price of gold easing sharply from its peaks of last autumn, it has been calculated that the Treasury will be faced with outgoings of FFr 37bn in interest over the life of the issue. Capital repayments could reach stunning proportions: figures of more than FFr 80bn are being quoted at present, depending on the



view of how the gold market will develop.

The Communist Party has seized on these enormous repayment commitments to strike out at a financial system which, it says, is creating higher public debt, escalating costs and heavy inflation. Ordinary workers, the Communists argue, will have to pay the price for these extravagances, while speculators rake in the profits.

There have been plenty of indications in recent months of the Government's embarrassment in the face of these assaults, leading to periodic scares on the Bourse that the terms of the bond will be altered.

One suggestion, for example, is that the indexed element in the guarantees should simply be dropped at a certain point, leaving investors with a reasonable, but not excessive profit. The Government might get away with this, it is argued, because many investors in the bond, far from being the classic racketeers of Communist mythology, are sober nationalised institutions. The state-owned insurance companies or the ubiquitous Caisse des Depots, which manages savings banks' funds, might squeal at the threat, but at the end of the day they are members of the same team as the Treasury.

Another solution, designed to avoid such a brutal abandonment of investors, would be to find a substitute repayment method which would spread the burden over a longer period. This, however, revives memories of the celebrated Pinay bond, changed in 1973 to indexation on the Napoleon gold coin, and therefore, not, as critics have pointed out, the ideal precedent for further experiments of this kind.

The Government is left, therefore, is an awkward situation, squeezed between its delighted political opponents and the vagaries of the gold market.

Perhaps the only consolation for President Giscard is that, even if re-elected, he will not be around when the state strong boxes have to be opened to pay off the holders of the "Giscard 1988."

Norwegian banks to hold payments

By Fay Gjester in Oslo

THE BOARDS of Norway's two largest commercial banks, Den norske Creditbank (DnC) and Christiania Bank og Kreditkasse have recommended 12 per cent dividends for 1980—unchanged from a year earlier, and the maximum allowed under present rules.

Full details of the banks' results will not be published until March, but DnC reveals that results were "not so good" as in 1979.

A Trondheim commercial bank, Forretningsbanken, largest of the country's regional banks, has also announced a 12 per cent pay-out for 1980, which is 2 per cent up on a year earlier.

● Saga Petroleum, the oil company backed by about 90 Norwegian shipping, business and industrial concerns, estimates that operations last year will show a group deficit, after depreciation, of around NKr 50m ($9m).

The loss, higher than expected, chiefly reflects the poor performance in the second half of the petrochemical offshoot, Saga Petrokjemi.

In 1979, Saga Petroleum suffered a consolidated deficit of NKr 80.8m.

Hero and Roco in foods deal

By Our Zurich Correspondent

SWISS foodstuffs company, Hero Conserven, is to take over the preserved-foods operations of Roco Conserven, a subsidiary of Nestle.

Roco is to concentrate on the production of frozen foods and ice cream. At the same time, Hero will give up its operations in frozen foods. Roco, whose difficulties led to the acquisition by Nestle in late 1979, says that its processed-foods sales developed well last year, but that profitability was "still too low."

Spanish banks strongly ahead

BY ROBERT GRAHAM IN MADRID

THREE OF Spain's largest commercial banks — Bilbao, Popular and Vizcaya—have all shown a substantial increase in profits in 1980 despite continued heavy provisions for doubtful debts.

This confirms the impression among the banking community that higher interest rates and tighter management helped to make 1980 an exceptionally good year for profits.

The sharpest increase in pre-tax profits was at Bilbao, up 30 per cent to Pta 7.86bn ($98m). This was followed by Vizcaya, up 27 per cent to Pta 6.1bn and Popular, up 22 per cent to Pta 5.5bn. The two Basque run banks, Bilbao and Vizcaya, appear to have overcome the slack trading of the previous year, when profits edged ahead by less than 5 per cent at Bilbao and 8 per cent at Vizcaya.

Vizcaya said its performance was influenced by a major effort to contain costs. General costs rose by 12 per cent against an inflation of more than 15 per cent. Bilbao and Vizcaya results also gained from the increasing proportion of foreign business.

The continued recession in the Spanish economy is underlined by the large sums set aside to cover doubtful debts and portfolio write-downs. Bilbao has set aside Pta 10bn (up 132 per cent) for doubtful debts alone, reflecting its involvement in the troubled steel, shipbuilding and paper industries. Vizcaya has set aside Pta 6.5bn under this heading, also reflecting its industrial commitments. With much less industrial involvement, Popular set aside Pta 4.8bn for doubtful debts.

During the year Bilbao's deposits grew 22 per cent to Pta 716bn, a rate slightly above the average for large banks. Loans also increased above the average—18 per cent against an average 14.6 per cent. Higher interest rates meant the average cost of credit to private clients rose from around 15 per cent to 16.5 per cent.

Popular, which gives the greatest detail in its accounts, shows that in 1980 its financial margin improved from 4.8 per cent to 5.2 per cent, and that the total return on resources employed was up from 0.94 per cent to 1.01 per cent.

Bilbao proposes to set aside Pta 3.1bn for dividends, up 22 cent, Vixcaya Pta 2.1bn, up 20 per cent, and Popular Pta 1.5bn, up 17 per cent.

Sulzer predicts sales rise but flat earnings

By John Wicks in Zurich

SLIGHTLY higher sales are forecast for 1980 by Sulzer, but the Swiss engineering group confirms that profits will make no headway.

Turnover will probably have been "rather higher" last year than the SwFr 3.1bn ($1.61bn) recorded for 1979, says a prospectus for a SwFr 100m bond issue, but it would have been below the peak of SwFr 3.5bn booked in 1975 and -976.

The value of new orders received last year rose by about 20 per cent to nearly SwFr 4.2bn, leading to an improvement in the volume of work in hand.

However, earnings continued to be subjected to pressure from insufficient selling prices, unsatisfactory results abroad and increased operational costs on large-scale contracts.

In 1979 net profits fell from SwFr 45m to SwFr 35m. For 1976 they totalled SwFr 107m.

U.S. acquisition by Flakt

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SVENSKA FLAKT, the Swedish industrial ventilation and pollution control group, has reached an agreement in principle to buy the Bahnson Company in Winston-Salem, North Carolina.

Bahnson is a subsidiary of Envirotech Corporation of Menlo Park, California, and supplies air-handling systems and equipment, principally to the textile, utility, foundry and steel industries. It has annual sales of around $67m.

Svenska Flakt operates 46 companies in 27 countries with consolidated sales of about $1bn.

Mr. Bengt Berg, Flakt's managing director, said the Bahnson purchase would have significant advantages for the group. At present Flakt's sales in the U.S. total about $43m a year, but it has only limited production resources in what is the world's largest single market for air conditioning equipment.

Even with Bahnson, the Swedish group will have less than 1 per cent of the American market, but Mr. Berg expects a strong advance in U.S. sales in future.

Completion of the deal depends on approval by the U.S. anti-trust authorities and the Swedish central bank.

In a joint communique Envirotech Corporation said the sale of Bahnson was in line with its strategy to shift corporate resources towards businesses serving the extractive industries, particularly coal. The proceeds of the sale would be used to reduce debt.

● Net earnings at Andelsbanken, the Danish bank, fell to DKr 76.3m ($11.7m) last year from DKr 123m in 1979. An unchanged 12 per cent dividend is proposed, writes Hilary Barnes in Copenhagen.

Rising costs and the difficult situation for Danish business and agriculture were blamed for the deterioration. Funds set aside for covering bad debts increased by DKr 31m to DKr 80m. Operating profits before depreciation, adjustment for the value of securities held, and reserve allocations were down from DKr 122m to DKr 85m.

Foreign borrowers make less use of Switzerland

BY OUR ZURICH CORRESPONDENT

FOREIGN borrowings in Swiss francs declined to about SwFr 23.32bn ($12.27bn) last year compared with SwFr 26.87bn in 1979.

However, the issue of Swiss-franc bonds by foreign borrowers reached a peak of more than SwFr 5.48bn, up from SwFr 5.2bn in the previous year. At the same time, the share of refinancing transactions dropped sharply from SwFr 438m to only SwFr 60m.

Activity on the private placement market also fell, the gross figure of SwFr 8.4bn proving the lowest since 1975. Refinancing operations in medium-term notes fell to SwFr 935m compared with SwFr 1.86bn.

Bank loans to foreigners in Swiss francs remained high at SwFr 9.34bn. Export credits reached a record SwFr 7.31bn, but finance credits declined to SwFr 2.12bn. The bank-loan total is below 1979's gross SwFr 11.31bn, but last year included no re-financing transactions. In 1979 these amounted to SwFr 1.51bn.

A geographical breakdown shows that developing countries were the heaviest borrowers. Their borrowing reached SwFr 3.43bn, against SwFr 2.88bn. Borrowings by development organisations rose from SwFr 1.91bn to SwFr 2.6bn.

Industrialised countries' borrowings dropped from SwFr 19.89bn to SwFr 16.02bn. Borrowings by members of the Organisation of Petroleum Exporting Countries, which had risen to SwFr 705.6m in 1979, fell back to SwFr 433.6m.

German funding by Burger King

By Our Financial Staff

BURGER KING, the international hamburger chain which is part of the Pillsbury foods group of the U.S., is to raise DM 50m ($23.5m) in public debt in West Germany.

The funding, which is expected to take place in early April, will help finance expansion and at the same time provide Burger with a wider spread of borrowings.

By 1985, Burger plans to open between 120 and 150 new restaurants in the UK and other Western European countries, where it at present operates 33 outlets, partly under franchise agreements.

Burger's gross sales last year on a worldwide basis totalled $1.8bn, and a rise to $2.3bn is forecast for 1981. New restaurant openings account for about 15 per cent of the chain's annual growth.

FERTILISERS

Occidental and Triomf join forces

BY QUENTIN PEEL IN JOHANNESBURG

OCCIDENTAL PETROLEUM of the U.S., and Triomf Fertiliser of South Africa, have agreed to set up a joint marketing operation to sell fertiliser and fertiliser raw materials throughout the world. The joint venture company, details of which have yet to be finalised, will be primarily involved in the marketing of phosphoric acid. The deal will give Occidental access to supplies of Phosacid from Triomf's 420,000-tonnes a year plant at the port of Richard's Bay.

The more was announced in a joint statement issued in Johannesburg by Dr. Armand Hammer, the chief executive of Occidental, and Mr. Louis Luyt, executive chairman of Triomf.

The deal does not involve any exchange of equity between the two companies. "The establishment of this company will be mutually beneficial and therefore will constitue the sole relationship between the parties," it is said. It is estimated that the two companies could between them supply some 65 per cent of the world market for phosphoric acid.

Triomf said the major benefit would arise simply from the amalgamation of marketing operations. There has been speculation that Triomf could step in to fulfil Occidental's contracts to supply super-phosphates to the Soviet Union, which have been nullified by the U.S. embargo on fertiliser supplies. However, Triompf currently produces phosacid of a lower concentration than that required by the Soviet Union, and considerable capital investment would be needed to produce the super grade.

New Straits Times group faces slower growth rate

BY WONG SULONG IN KUALA LUMPUR

NEW STRAITS TIMES PRESS, Malaysia's largest publishing group, has suggested that it may be facing a slower rate of growth in the current year than it has enjoyed over the past four.

Costs are expected to rise sharply in the year ahead, it is noted in the annual report. A new wage agreement is due, while the current high price of newsprint has "resembled the newsprint crisis of 1974." Added to this, the group's major newspapers are facing a slowdown in circulation.

In the past the group had, however, enjoyed a buoyant advertising market, and if this situation continued the current year's results should be favourable, although Mr. Junus Sudin, the managing director, noted that the "full impact of adverse world economic conditions is yet to be felt" in Malaysia.

For the year ended August, 1980, the NST group increased its pre-tax profit by nearly 50 per cent to 26m ringgit (U.S.$12m) despite a 21 per cent increase in costs. This was largely the result of advertising revenue rising 42 per cent.

The NST group is currently building a new printing plant in Senai, in southern Malaysia, additional to the current two plants in Kuala Lumpur and Penang. It intends to introduce facsimile transmission later this year.

KLK scrip issue after marginal fall in profits

BY OUR KUALA LUMPUR CORRESPONDENT

KUALA LUMPUR KEPONG (KLK) Malaysia's fourth largest plantation group, has announced a one-for-one scrip issue, despite a marginal fall in profits. The issue will capitalise on the surplus thrown up by the revaluation of KLK's estates last year and will bring its capital to 335m shares of one ringgit each.

The company is to pay a final dividend of 15 per cent, making an unchanged total of 25 per cent for the year. The new shares will not be entitled to this dividend.

For the year ended September, 1980, KLK's pre-tax profit was marginally down at 60.1m ringgit (U.S.$26.9m), because of softer commodity prices and rising costs, particularly those of labour and fertilisers.

Earnings for the current year are expected to improve because of better oil palm prices and higher output. KLK has 87,000 acres of rubber and oil palm, and last year's revaluation exercise threw up a surplus of 254m ringgit.

● SIME DARBY BERHAD has signed a five-year agreement with the Sabah company, Permodalan Plantations to develop a cocoa estate in Sabah.

Sime Darby estimates the cost of the development at the site—midway between Sandakan and Lahad Datu—at about 25m ringgit.

Earnings rise seen by Gulf International

By Mary Frings in Bahrain

GULF INTERNATIONAL Bank (GIB), which last month called up additional capital to bring its paid-up total to $180m, expects to announce a profit in excess of $20m for its fourth year of operation.

At the opening of its second overseas branch in New York last November, GIB announced a nine-months profit of $11.3m. Dr. Khalid al-Fayez, the general manager, says the year-end figure will be "almost double," but the final amount will be decided by the general assembly of finance ministers of the seven shareholding Gulf Arab states.

GIB has continued to grow rapidly, and to consolidate its position as a leader in the syndicated loan market. With the management of loans totalling $11bn, it claims to rank 37th in the world.

As at end 1980 deposits at interest and certificates of deposit, stood at $1.58bn compared with $807m a year earlier; the bond portfolio came to $90m against $45m; loans had reached $1.32bn against $542m; time deposits were $2.64bn against $1.25bn; subscribed capital was $265m against $106m; paid-up capital was unchanged at $106m, increasing to $180m in January; total assets were $2.9bn against $1.14bn.

Regal Hotels orchestrates revival for Wing Cheung

BY ADRIAN BOVEN IN HONG KONG

A SMALL, dormant property investment concern, Wing Cheung Shing, is to be converted into an active and much-enlarged company, under the name Paliburg Investments, through a series of property acquisitions and stock transactions orchestrated by its new controlling shareholder, Regal Hotels Holdings.

In the first step of the complex transactions, Paliburg will acquire HK$416m (US$79m) worth of Regal assets, including an industrial building, a residential site, a half-interest in a hotel construction site, 10.9m shares of Kowloon Motor Bus valued at HK$174.4m, and 4.1m shares of China Motor Bus valued at HK$90.2m. It will pay for those assets with HK$31m in cash and 154m of its own new shares.

Paliburg will then make a one-for-one bonus issue of shares and a one-for-one bonus issue of warrants, each exercisable for one ordinary share at HK$3.50 a share, until September 30, 1987.

With that out of the way, the company will make a one-for-one rights issue on the enlarged capital at HK$2.50 per new share, with warrants attached in the proportion of one warrant for every two rights shares. The warrants will be exercisable on the same terms as the bonus issue of warrants. The rights issue will raise HK$420m before expenses and will be underwritten by Wardley and Sun Hung Kai Securities.

At the moment, Regal owns 49 per cent of Paliburg; the Lo family, which predominates on its board, owns 22.7 per cent; Tavinril, a private company wholly owned by Mr. Thomas Fung of the Sun Hung Kai finance and property group, owns 10 per cent; and minority shareholders hold the remainder.

However, both Regal and the Lo family have announced that, instead of taking up their entitlements under a rights issue, they will make their provisional allotments available to Regal's minority shareholders in the proportion of one warrant and two ordinary shares of Paliburg for every four Regal ordinary shares, deferred shares, or warrants.

At the same time, Tavinril will make all its entitlements to the rights issue available to Paliburg shareholders, who apply for excess rights shares.

At the end of the process, Regal will hold 48 per cent of Paliburg, the Lo family will hold just under 4 per cent, Tavinril just under 2 per cent, and the minority shareholders will have the remainder. Paliburg's net assets value will have risen almost five-fold to more than HK$900m (U.S.$170m).

Regal bought the controlling interest in Paliburg late last year, after the company had shown a dismal history of declining profits in a rising real estate market, and had paid no dividends since 1975. The minority shareholders' confidence in the new management was so complete that, when Regal offered to buy them out at the same HK$4.94 a share that it paid to acquire control, it succeeded in picking up only 2,000 shares, or about 0.03 per cent of the issued capital.

Within days of the takeover, the market price of the shares rose sharply from a nominal level of below HK$2, where they stood for years, and closed yesterday at HK$8.10. Regal Hotels is itself a recent creation of the Great Eagle Company, and went public last year as a way of financing the construction of two new hotels on the Kowloon waterfront.

Japanese city banks to make capital increases

BY OUR FINANCIAL STAFF

FOUR MAJOR Japanese city banks, Fuji Bank, Sumitomo Bank, Sanwa Bank, and Mitsubishi Bank, will all boost their capital towards the end of March by issuing capital stock of Y50 par value, the banks have said in separate statements.

The banks have a combined present capital of Y89.1bn ($430m) and the planned rise will boost the total to more than Y100bn.

The banks said they will allocate stock at the rate of 25 new shares for every 100 shares held as of March 31.

Mitsui Bank and Industrial Bank of Japan have already disclosed plans to increase their capital, and Dai-Ichi Kangyo Bank, the largest city bank in Japan, is reported to be considering a similar capital boost.

The major Japanese banks are said to be planning to increase their capital in order to build up their internal reserves and to cater for a swiftly changing managerial environment both at home and abroad.

● Matsushita Electric Works Company, the Japanese maker of electric appliances related to housing, increased its after-tax profits by 14.5 per cent in the year to November 30, to Y20.28bn ($98m), from Y17.71bn in the previous year.

Sales increased by 16.2 per cent to Y522.39bn ($2.5bn), from Y449.38bn. The dividend is unchanged, at Y10 a share.

The performance shows a slower rate of growth in net profits, than that of 1978-79, of 31.3 per cent, but a slightly faster rate of expansion in sales than the previous year's 15.7 per cent.

Touche Ross in HK merger

BY OUR HONG KONG CORRESPONDENT

TOUCHE ROSS, the international accounting firm, has merged with the largest Chinese firm of accountants in Hong Kong, Kwan Wong Tan Fong, with effect from January 1.

Kwan Wong Tan Fong audits more than 40 listed companies in Hong Kong, most of them in property development and some with connections to China. Its major clients include Cheung Kong Holdings and Sun Hung Kai Properties.

Five partners of Kwan Wong Tan Fong have been admitted to partnership of Touche Ross. One of them, Mr. Kenneth Tan, said the merger will allow his firm to give better service to Hong Kong clients with overseas subsidiaries and associates. But he said his firm and Touche Ross would still operate as separate entities in Hong Kong.

CURRENCIES, MONEY and GOLD

$ and £ ease

Dollar recovered from levels seen earlier in yesterday's foreign exchange market, but was still weaker than Friday's closing levels in London. It opened well down from the highs seen last week, following on a weaker trend started over the weekend in the Far East. The weaker tendency appeared to be mainly a technical setback, with the U.S. unit retaining a firmish undertone.

Sterling was weaker overall, depressed by growing speculation that MLR was likely to be cut from its present level of 14 per cent on or before the March Budget. The weaker trend was reflected in its revised index calculated by the Bank of England. This is now calculated on a base average of 1975 levels (equal to 100).

European currencies were firmer against the dollar and sterling. The Swiss franc was hardly affected by the latest rise in the Swiss discount rate, while the D-mark recovered some of the ground lost recently, and was placed above its floor level within the European Monetary System.

DOLLAR — trade-weighted index (Bank of England calculation base average 1975=100) was 98.6. The dollar recovered from the low levels seen earlier in the day in generally nervous trading. Against the D-mark it touched a low of DM 2.0850 before coming back to close at DM 2.1205 compared with DM 2.1320 on Friday. Similarly against the Swiss franc it sank to a low of SwFr 1.8960, but closed at SwFr 1.9210 against SwFr 1.9300 previously. The dollar finished at Y203.10 against the Japanese yen from Y206.70. A slight easing of tension in Poland and a fall in U.S. money supply figures may have contributed to the dollar's temporary fall.

STERLING — trade weighted index (Bank of England calculation, base average 1975=100) fell to 104.0 from 105.2 on Friday, having stood at 104.1 at noon and 104.4 in the morning. Sterling fell in line with the dollar, but recovered to finish above its worst level of the day. Against the dollar it touched a low of $2.3450 during the afternoon after opening at $2.3825. It closed at $2.3485-2.3495, a fall of 1.80c from Friday. The pound was also weak against European currencies, closing at DM 4.98 compared with DM 5.0450 and FFr 11.49 against FFr 11.61.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The steadier trend in U.S. interest rates has also depressed the D-mark, with tension over Poland still a market factor.—The D-mark was mostly firmer at yesterday's fixing in Frankfurt. The dollar was fixed lower at DM 2.1068 compared with DM 2.1167 on Friday. There was inevitably some profit taking after the dollar's sharp rise, and Euro-dollar rates were again easier. However, dollar sentiment remained bullish, with a weak German economy and President Reagan's tight fiscal policy helping to underpin the U.S. unit. Within the European Monetary System, the D-mark was slightly firmer, with the French franc slipping to DM 43.325 per FFr 100 from DM 43.40, and the Danish krone lower at DM 32.46 per DKr 100 from DM 32.54.

SWISS FRANC—Weakness of the D-mark in recent months has dragged down the Swiss franc against the dollar, putting up the cost of Swiss oil imports. — The Swiss franc showed little reaction to yesterday's increase in the discount rate to 3½ per cent.

THE POUND SPOT AND FORWARD

Feb. 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3450-2.3825	2.3485-2.3495	0.53-0.63c dis	−2.96	2.10-2.20dis	−3.66
Canada	2.7950-2.8440	2.8030-2.8040	0.75-0.85c dis	−3.42	2.50-2.85dis	−3.67
Nethlnd.	5.36-5.42	5.39½-5.40½	2¼-1¾c pm	4.17	5-4 pm	3.33
Belgium	79.50-80.20	79.80-79.90	15-5c pm	1.50	19-9 pm	0.70
Denmark	15.24-15.35	15.30½-15.31½	3-1ore pm	1.57	1⅞ pm-⅛ dis	0.33
Ireland	1.3260-1.3390	1.3315-1.3325	0.08p pm-0.07 dis	0.59	.02pm-.12dis	−0.21
W. Ger.	4.94-5.00	4.97½-4.98½	2¼-1¾pf pm	4.52	5-4 pm	3.61
Portugal	130.00-131.50	130.45-130.65	85c pm-40 dis	1.15	65pm-125dis	−2.91
Spain	193.70-195.20	194.10-194.20	25-80c dis	−3.24	195-275 dis	−4.84
Italy	2,347-2,360	2,356½-2,358½	8½-11½lire dis	−5.09	30½-33½ dis	−5.43
Norway	12.71-12.83	12.72½-12.73½	1ore pm-¼ dis	0.12	1½ pm-¼ dis	0.20
France	11.42-11.52	11.48½-11.49½	4¼-3¼c pm	3.92	7¼-6¼ pm	2.35
Sweden	10.69-10.78	10.70½-10.71½	6¾-7¾ore dis	−8.12	24½-25½ dis	−9.20
Japan	474-484	476½-477½	2.65-2.15y pm	6.04	6.50-6.00 pm	5.24
Austria	35.00-35.35	35.27-35.32	12-8gro pm	3.40	30-23 pm	3.00
Switz.	4.47-4.54	4.51-4.52	3-2c pm	6.64	8¼-7¼ pm	6.76

Belgian rate is for convertible francs. Financial franc 80.00-80.10. Six-month forward dollar 4.00-4.15c dis, 12-month 5.95-6.15c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3450-2.3825	2.3485-2.3495	0.53-0.63c dis	−2.96	2.10-2.20dis	−3.66
Ireland†	1.7630-1.7725	1.7630-1.7650	0.40-0.50c dis	−3.06	1.50-1.60dis	−3.51
Canada	1.1930-1.1945	1.1937-1.1940	0.05-0.10c dis	−0.75	par-0.05 dis	−0.08
Nethlnd.	2.2840-2.3020	2.2980-2.3000	1.48-1.38c pm	7.46	4.07-3.97 pm	6.99
Belgium	33.82-34.00	33.97-33.99	15-13½c pm	5.03	40-37 pm	4.53
Denmark	6.4775-6.5200	6.5150-6.5176	2¼-2¼ore pm	4.60	6.40-5.90 pm	3.77
W. Ger.	2.0850-2.1275	2.1200-2.1210	1.30-1.24pf pm	7.19	3.74-3.68 pm	7.00
Portugal	58.25-55.75	55.35-55.50	50-15c pm	7.04	85-15 pm	3.61
Spain	82.38-82.63	82.38-82.48	par-30c dis	−2.18	20-55 dis	−1.82
Italy	997.0-1005.0	1003.0-1005.0	¼-1¾lire dis	−1.49	2½-4 dis	−1.29
Norway	5.4160-5.4255	5.4200-5.4220	2.30-1.80ore pm	4.54	5.50-5.00 pm	3.87
France	4.8800-4.8950	4.8900-4.8950	2.75-2.65c pm	6.62	7.20-7.00 pm	5.80
Sweden	4.5500-4.5690	4.5500-4.5510	1.30-1.50ore dis	−3.69	5.00-5.20dis	−4.48
Japan	202.50-204.00	203.05-203.15	1.55-1.40y pm	8.71	4.55-4.40 pm	8.81
Austria	14.88-15.01½	15.00½-15.01½	9.10-8.50gro pm	7.03	25.50-24.00pm	6.59
Switz.	1.8960-1.9255	1.9205-1.9215	1.70-1.62c pm	10.37	5.04-4.96 pm	10.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

Feb. 2	£	$		£ Note Rates
Argentina Peso	4762-4782	2026-2036	Austria	34.80-35.20
Australia Dollar	2.0090-2.0130	0.8555-0.8560	Belgium	79.40-80.30
Brazil Cruzeiro	162.50-163.50	69.19-69.54	Denmark	15.22-15.37
Finland Markka	9.396-9.413	4.0040-4.0050	France	11.41-11.51
Greek Drachma	115.540-118.472	49.25-49.35	Germany	4.95-4.99
Hong Kong Dollar	12.38½-12.39¾	5.2720-5.2740	Italy	2380-2490
Iran Rial	177.00*	74.00*	Japan	481-487
Kuwait Dinar(KD)	0.640-0.646	0.2727-0.2729	Netherlands	5.38-5.42
Luxembourg Frc.	79.80-79.90	33.97-33.99	Norway	12.72-12.84
Malaysia Dollar	5.2375-5.2475	2.2300-2.2330	Portugal	127-144
New Zealand Dlr	2.4770-2.4820	1.0545-1.0555	Spain	190¼-200
Saudi Arab. Riyal	7.83-7.89	3.3300-3.3320	Sweden	10.70-10.80
Singapore Dollar	4.8710-4.8820	2.0740-2.0760	Switzerland	4.49-4.53½
Sth African Rand	1.7910-1.7935	0.7625-0.7635	United States	2.34½-2.36½
U.A.E. Dirham	8.63-8.69	3.6720-3.6740	Yugoslavia	84-87½

Rate given for Argentina is free rate. * Selling rate.

CURRENCY MOVEMENTS

Feb. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	104.0	−23.4
U.S. dollar	98.6	−5.3
Canadian dollar	84.7	−18.4
Austrian schilling	114.1	+21.6
Belgian franc	106.4	+9.6
Danish kroner	90.1	−9.3
Deutsche mark	118.3	+37.2
Swiss franc	133.8	+73.3
Guilder	112.8	+16.0
French franc	87.2	−9.2
Lira	61.7	−53.1
Yen	148.7	+44.5

Based on trade weighted changes from Washington agreement December, 1971. (Bank of England Index based on 1975 averages.)

CURRENCY RATES

Jan. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.521450	0.516045
U.S. $	13	1.24418	1.22973
Canadian $	16.97	1.48555	1.47039
Austria Sch.	6¾	18.6316	18.4214
Belgium F.	12	42.1995	41.6880
Danish K.	11	8.09028	8.00850
D'mark	7½	2.63356	2.60396
Guilder	8	2.85788	2.82532
French Fr.	9½	6.06973	5.99865
Lira	16½	1247.60	1232.81
Yen	7¼	254.684	253.018
Norwgn. Kr.	9	6.76461	6.71374
Spanish Pta.	8	102.782	101.699
Swedish Kr.	12	5.68777	5.62690
Swiss Fr.	3	2.39816	2.36562
GreekDr'ch.	—	—	60.7673

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6689	+4.72	+1.10	±1.53
Danish Krone	7.72336	7.98715	+3.42	−0.20	±1.64
German D-Mark	2.48208	2.59361	+4.49	+0.87	±1.125
French Franc	5.84700	5.98867	+2.39	−1.23	±1.3557
Dutch Guilder	2.74362	2.81389	+2.56	−1.06	±1.512
Irish Punt	0.668201	0.695394	+4.07	+0.45	±1.668
Italian Lira	1157.79	1231.04	+6.33	+2.81	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.349	4.980	477.0	11.49	4.515	5.400	2358.	2.804	79.85
U.S. Dollar	0.426	1.	2.120	203.1	4.891	1.922	2.299	1004.	1.193	33.99
Deutschemark	0.201	0.472	1.	95.78	2.307	0.907	1.084	473.4	0.563	16.03
Japanese Yen 1,000	2.096	4.925	10.44	1000.	24.09	9.465	11.32	4942.	5.877	167.4
French Franc 10	0.870	2.044	4.334	415.1	10.	3.930	4.700	2052.	2.440	69.50
Swiss Franc	0.221	0.520	1.103	105.6	2.545	1.	1.196	522.1	0.621	17.69
Dutch Guilder	0.185	0.435	0.922	88.33	2.128	0.836	1.	436.6	0.519	14.79
Italian Lira 1,000	0.424	0.996	2.112	202.3	4.874	1.915	2.291	1000.	1.189	33.87
Canadian Dollar	0.357	0.838	1.776	170.1	4.098	1.610	1.926	840.9	1.	28.48
Belgian Franc 100	1.252	2.942	6.237	597.4	14.39	5.654	6.763	2952.	3.511	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 13/16	offer 16 15/16	bid 16 5/16	offer 16 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	17⅛-17⅜	17-18	9-9⅛	2-2¼	8⅞-9	10⅛-10⅝	16½-18½	11-12	8-8½
7 days' notice	14¼-14½	17¼-17½	17-18	9-9⅛	2⅝-2⅞	9-9⅛	10½-10⅝	18⅝-20⅝	12-12⅛	8¼-8½
Month	14 5/16-14 7/16	17 1/16-17 3/16	17⅝-18	9 1/16-9 3/16	5 11/16-5 13/16	9 1/16-9 3/16	10 1/16-10½	18⅝-20⅛	12-12⅛	8⅛-8⅜
Three months	15¼-13⅜	16¾ 17	17-17⅜	9 5/16-9 7/16	6 5/16-6 7/16	9⅜-9½	10¾-10 15/16	18½-19½	12⅜-12½	8 7/16-8 9/16
Six months	12¾-12⅞	16⅛-16⅝	15¾-16⅛	9 5/16-9 7/16	6⅛-6¼	9⅜-9½	11¾-11 15/16	18⅞-19⅞	12½-12⅝	8¼-8½
One Year	12⅝-12¾	15⅜-15⅝	14⅞-15¼	9¾-9⅞	6⅛-6¼	9⅜-9½	12⅝-12⅞	18¾-19¾	12⅝-12¾	8⅜-8⅝

SDR linked deposits: one-month 13⅜-13½ per cent; three-months 12 15/16-13 3/16 per cent; six-months 12 13/16-13 1/16 per cent; one year 12 7/16-12 13/16 per cent.

Asian $ (closing rates in Singapore) one-month 17⅜-17½ per cent; three-months 17⅛-17½ per cent; six-months 16⅜-16½ per cent; one year 15 9/16-15 11/16 per cent. Long-term Eurodollar two years 15-15⅛ per cent; three years 14¾-14⅞ per cent; four years 14½-14⅝ per cent; five years 14⅜-14⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.95-17.05 per cent; three-months 16.60-16.70 per cent; six-months 15.90-16.00 per cent; one year 15.15-15.25 per cent.

INTERNATIONAL MONEY MARKET

Swiss bank rates up

The Swiss National Bank has raised its discount rate to 3½ per cent from 3 per cent, and the Lombard rate to 4½ per cent from 4 per cent. In a statement accompanying the announcement the Swiss authorities said that the increase was necessary because central bank interest rates lagged behind market rates, and was also the result of high inflation and the relative weakness of the Swiss franc. The previous rise was by ½ per cent for both discount and Lombard rates on February 28 last year.

In Paris call money eased to 10 11/16 per cent from 10¾ per cent, and one-month to 10⅞-10⅞ per cent from 10 11/16-10 13/16 per cent, but longer term rates were unchanged.

In January the average rate for French call money was 10.73 per cent compared with 10.87 per cent in December, continuing the central bank policy of reducing interest rates to support the German D-mark. Day-to-day funds remain in good supply however.

In Frankfurt call money rose to 9.10-9.20 per cent from 9.00-9.10 per cent, while one-month was quoted at 9.10-9.20 per cent compared with 9.00-9.30 per cent; three-month at 9.45-9.65 per cent against 9.50-9.70 per cent; six-month at 9.45-9.55 per cent compared with 9.40-9.60 per cent; and 12-month at 9.45-9.55 per cent against 9.35-9.65 per cent.

In Amsterdam call money was unchanged at 9-9¼ per cent, but period rates were slightly firmer.

MONEY RATES

NEW YORK	
Prime Rate	19½-20
Fed. Fund	17¾-17⅞
Treasury Bills (13-week)	14.78
Treasury Bills (26-week)	13.76
GERMANY	
Discount Rate	7.5
Overnight Rate	9.15
One month	9.15
Three months	9.55
Six months	9.50
FRANCE	
Discount Rate	9.5
Overnight Rate	10.6875
One month	10.8125
Three months	11.3125
Six months	12.125
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.3125
Bill Discount (three-month)	8.65625

UK MONEY MARKET

Rates fall

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Short-term interest rates continued to decline in the London money market yesterday, reflecting optimism of a cut in Bank of England Minimum Lending Rate in the near future following remarks by the Prime Minister over the weekend. Discount houses buying rates for three-month Treasury bills fell to 12 13/16-12 11/16 per cent from 12 15/16 per cent, and three-month eligible bank bills to 12 15/16 per cent from 12 15/16 per cent.

Day-to-day money was in short supply and the authorities gave large assistance by buying a small amount of Treasury bills, a small number of local authority bills, and a moderate amount of eligible bank bills from the houses.

Banks brought forward small run-down balances and the market was also faced with a small number of commercial bills maturing in official hands, and a small excess of revenue payments to the Exchequer over Government disbursements.

GOLD

Weaker trend

Gold fell $10 an ounce in the London bullion market yesterday to close at $495-498. It opened at $501-504, which was the high for the day, but quickly slipped below the $500 level as the dollar recovered in the foreign exchange market. It touched a low of $491-494 before steadying a little towards the close.

In Paris the 12½ kilo bar was fixed at FFr 85,500 per kilo ($546.96 per ounce) in the afternoon, compared with FFr 84,250 ($544.88) in the morning and FFr 86,400 ($550.85) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,495 per kilo ($495.00 per ounce) against DM 34,605 ($508.51) on Friday, and closed at $492-495 compared with $504-507 per ounce on Friday.

In Zurich gold finished at $492-495 against $505-508 previously.

	Feb. 2		Jan. 30	
Gold Bullion (fine ounce)				
Close	$495-498	(£210⅝-212)	$505-508	(£212⅜-213⅝)
Opening	$501-504	(£211⅝-213)	$503-506	(£211-212¼)
Morning fixing	$493.25	(£208.342)	$507.50	(£212.699)
Afternoon fixing	$493.50	(£210.089)	$506.50	(£213.129)
Gold Coins				
Krugerrand	$510-512	(£217-218)	$520-522	(£219¼-220)
1/2 Krugerrand	$261-265	(£111-112¾)	$269-273	(£113½-115)
1/4 Krugerrand	$132-136	(£56¼-57¾)	$136-140	(£57¼-59)
1/10 Krugerrand	$55-59	(£23½-25)	$56½-60½	(£23¾-25½)
Mapleleaf	$509-511	(£216¾-217½)	$516-520	(£217-218¾)
New Sovereigns	$125-126	(£53¼-53¾)	$127-128	(£53½-54)
King Sovereigns	$151-153	(£64¼-65¼)	$152-154	(£63¾-64¾)
Victoria Sovs.	$151-153	(£64¼-65¼)	$152-154	(£63¾-64¾)
French 20s	$172-174	(£73¼-74)	$171-174	(£72-73½)
50 pesos Mexico	$615-619	(£261¾-263½)	$631-635	(£266-267¾)
100 Cor. Austria	$487-490	(£207¼-208½)	$491-495	(£207-208¾)
$20 Eagles	$633-638	(£269½-271½)	$643-648	(£271-273¼)

LONDON MONEY RATES

Feb. 2 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14⅛	14¼-14⅜	—	—	14¼-14⅝	13-14	—	—	—
2 days notice	—	—	14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14⅝	14⅝	—	14⅝	14¾	13¾-14	—	—	—
One month	14¼-14⅛	14⅛-14 3/16	14⅛-14¼	15¼-14⅞	14⅝	14⅝	14	12 13/16	13⅝	14⅝
Two months	14-13 15/16	13 13/16-14	—	14⅜-14⅛	14¼	14¼	13¼-13⅝	12 11/16	13 5/16	14⅛
Three months	13 7/16 13¼	13 5/16 13 11/16	13⅛-13⅝	13⅞-13½	14	13⅞	12¾-13	12 13/16-12 11/16	12 15/16	13⅛
Six months	12 15/16 12 13/16	12¾-13 1/16	12⅞	13¼-12⅞	13⅛	13⅝	—	—	11 15/16	12⅝
Nine months	12 13/16-12⅜	12⅝ 13	—	13¼-12⅞	13 5/16	13⅛	—	—	—	—
One year	12½ 12 15/16	12 15/16-12⅞	12⅝-12¾	12⅞-12⅝	12 15/16	13	—	—	—	—
Two years	—	—	13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13⅝ per cent; four years 13½-13⅝ per cent; five years 13½-13⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 13 per cent.

Approximate selling rate for one-month Treasury bills 12 13/16 per cent; two-months 12⅝ per cent; three-months 12 11/16-12½ per cent. Approximate selling rate for one-month bank bills 13½-13 7/16 per cent; two-months 13 5/16-13¼ per cent; three-months 12⅝ per cent; one-month trade bills 14⅝ per cent; two-months 13⅞ per cent and three-months 13⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.6095 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 2, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	112.00
Albania	Lek	9.90
Algeria	Dinar	9.0330
Andorra	French Franc	11.49
	Spanish Peseta	194.15
Angola	Kwanza	(CM) 69.794
		(T) 72.237
Antigua (S)	E. Caribbean $	6.37
Argentina	Ar. Peso Free Rate	4,772.0
Australia (S)	Australian $	2.0110
Austria	Schilling	35.295
Azores	Portugu'se Escudo	130.55
Bahamas (S)	Ba. Dollar	2.3490
Bahrain (S)	Dinar	0.889
Balearic Isles	Spa. Peseta	194.15
Bangladesh (S)	Taka	38.70
Barbados (S)	Babados $††	4.6980
Belgium	B. Franc	(cm) 79.85
		(fn) 80.05
Belize	B $	4.6980
Benin	C.F.A. Franc	574.5
Bermuda (S)	Bda $	2.3490
Bhutan	Indian Rupee	19.17
Bolivia	Bolivian Peso	58.90
Botswana (S)	Pula	1.7785
Brazil	Cruzeiro ‡‡	163.00
Brit. Virgin Isles (S)	U.S. $	2.3490
Brunei (S)	Brunei $	4.8765
Bulgaria	Lev	2.0826
Burma	Kyat	15.85
Burundi	Burundi Franc	218.255
CameroonRepublic	C.F.A. Franc	574.5
Canada	Canadian $	2.8035
Canary Islands	Spanish Peseta	194.15
Cape Verde Isle	Cape V. Escudo	86.06
Cayman Islands (S)	Cay. Is. $	1.9575
Cent. Af. Repub.	C.F.A. Franc	574.5
Chad	C.F.A. Franc	574.5
Chile	C. Peso	(Bk) 91.65
China	Renminbi Yuan	3.8081
Colombia	C. Peso	(F) 119.77
Comoro Islands	C.F.A. Franc	574.5
Congo (Brazzaville)	C.F.A. Franc	574.5
Costa Rica	Colon	20.20
Cuba	Cuban Peso	1.6830
Cyprus (S)	Cyprus £	0.899
Czechoslovakia	Koruna	(com) 14.00
		n/c 24.38
		(T) 23.80
Denmark	Danish Krone	15.31
Djibouti	Fr.	410 (sg)
Dominica (S)	E. Caribbean $	6.37
Dominican Repub.	Dominican Peso	2.2490
Ecuador	Sucre	(O) 58.92
		(F) 67.68
Egypt	Egyptian £	(U) 1.64
Equatorial Guinea	Ekuele	388.3
Ethiopia	Ethiopian Birr	(P) 4.8650
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	15.31
Fiji Islands	Fiji $	1.8660
Finland	Markka	9.4045
France	French Franc	11.49
FrenchC'tyin Af*	C.F.A. Franc	574.5
French Guiana	Local Franc	11.49
French Pacific Is.	C.F.P. Franc	200 (sg)
Gabon	C.F.A. Franc	574.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.98
Germany (West)	Deutsche Mark	4.98
Ghana (S)	Cedi	6.62
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	117.006

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	15.31
Grenada (S)	E. Caribbean $	6.37
Guadaloupe	Local Franc	11.49
Guam	U.S. $	2.3490
Guatemala	Quetzal	2.3490
Guinea Republic	Syli	46.45
Guinea Bissau	Peso	82.75
Guyana (S)	Guyanese $	6.00
Haiti	Gourd	11.745
Honduras Repub.	Lempira	4.81
Hong Kong (S)	H.K. $	12.59
Hungary	Forint	(com) 79.6782
		(T)(nc) 60.3680
Iceland (S)	I. Krona	15.107 (§)
India (S)	Ind. Rupee	19.17
Indonesia	Rupiah	1,473.12
Iran	Rial	177.0 (sg)
Iraq	Iraq Dinar	0.71425
Irish Republic (k)	Irish £	1.3320
Israel	Shekel	19.45
Italy	Lira	2,357.5
Ivory Coast	C.F.A. Franc	574.5
Jamaica (S)	Jamaica Dollar	4.1895
Japan	Yen	477.0
Jordan (S)	Jordan Dinar	0.724 (sg)
Kampuchea	Riel	2,818.8
Kenya (S)	Kenya Shilling	18.75
Kiribati	Australian $.	2.0110
Korea (Nth)	Won	2.22 (ii)
Korea (Sth)	Won	1,573.56
Kuwait	Kuwait Dinar	0.643
Laos	New Kip	23.49
Lebanon	Lebanese £	8.0200
Lesotho	Loti	1.79225
Liberia	Liberian $	2.3490
Libya	Libyan Dinar	0.6955
Liechtenstein	Swiss Franc	4.515
Luxembourg	Lux Franc	79.85
Macao	Pataca	12.50
Madeira	Portug'se Escudo	130.55
Malagasy Republic	MG Franc	574.5
Malawi (S)	Kwacha	1.9950
Malaysia (S)	Ringgit	5.2425
Maldive Islands (S)	Mal Rupee	9.2630
Mali Republic	Mali Franc	1,149.0
Malta (S)	Maltese £	0.871
Martinique	Local Franc	11.49
Mauritania	Ouguiya ;	113.15
Mauritius (S)	M. Rupee	18.80
Mexico	Mexican Peso	54.97
Miquelon	C.F.A. Franc	574.5
Monaco	French Franc	11.49
Mongolia	Tugrik	(o) 7.40 (ii)
Montserrat	E. Caribbean $	6.37
Morocco	Dirham	10.62 (sg)
Mozambique	Metical	67.80
Nauru	Australian Dollar	2.0110
Nepal	Nepalese Rupee	28.20
Netherlands	Guilder	5.40
NetherlandAntilles	Antillian Guilder	4.2045
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4795
Nicaragua	Cordoba	23.50
Niger Republic	C. F. A. Franc	574.5
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	12.73
Oman Sul'ate of (S)	Rial Omani	0.815
Pakistan	Pakistan Rupee	23.23
Panama	Balboa	2.3490
Papua N.Guinea (S)	Kina	1.5275
Paraguay	Guarani	295.10

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc (A) 823.08
Philippines	Philippine Peso	17.66
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4795
Poland	Zloty	(Cm) 76.20
		(T) 76.20
Portugal	Portugu'se Escudo	130.55
Puerto Rico	U.S. $	2.3490
Qatar (S)	Qatar Ryal	8.58
Reunion Ile de la	French Franc	11.49
Romania	Leu	(Cm) 10.48
		(n/c) T28.13
Rwanda	Rwanda Franc	221.58
St. Christopher (S)	E. Caribbean $	6.37
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.37
St. Pierre	Local Franc	11.49
S. Vincent (S)	E. Caribbean $	6.37
Salvador El	Colon	5.88
Samoa American	U.S. $	2.3490
San Marino	Italian Lira	2,357.5
Sao T'oe&Principe	Dobra	85.10
Saudi Arabia	Ryal	7.86
Senegal	C.F.A. Franc	574.5
Seychelles	S. Rupee	15.80 (sg)
Sierra Leone (S)	Leone	2.6240
Singapore (S)	Singapore $	4.8765
Solomon Islands (S)	Solomon Is. $	1.8770
Somali Republic	Somali Shilling	(A) 14.20
South Africa (S)	Rand	1.79225
South West African Territories (S)	S. A. Rand	1.79225
Spain	Peseta	194.15
Spanish ports in North Africa	Peseta	194.15
Sri Lanka (S)	S. L. Rupee	41.80
Sudan Republic	Sudan £ (1)	1.17
Sudan Republic	Sudan £ (2)	1.88
Surinam	S. Guilder	4.2045
Swaziland (S)	Lilangeni	1.79225
Sweden	S. Krona	10.71
Switzerland	Swiss Franc	4.515
Syria	Syria £	(A) 9.25
Taiwan	New Taiwan $	84.55
Tanzania (S)	Tan. Shilling	19.40
Thailand	Baht	48.40
Togo Republic	C.F.A. Franc	574.5
Tonga Islands (S)	Ha'anga	2.0110
Trinidad (S)	Trinidad & Tob. $	5.6376
Tunisia	Tunisian Dinar	1.0289 (sg)
Turkey	Turkish Lira	219.57
Turks & Caicos	U.S. $	2.3490
Tuvalu	Australian $	2.0110
Uganda (S)	Uganda Shilling	18.75
United States	U.S. Dollar	2.3490
Uruguay	Uruguay Peso	(cm) 23.83
		(fn) 23.79
Utd.Arab Emirates	U.A.E. Dirham	8.66
U.S.S.R.	Rouble	1.6660
Upper Volta	C.F.A Franc	574.5
Vanuatu	Vatu	180 (sg)
	Aust. Dollar	2.0110
Vatican	Italian Lire	2,357.5
Venezuela	Bolivar	10.09
Vietnam	Dong	(O) 5.1380
		(T) 5.44 (ii)
Virgin Islands U.S.	U.S. Dollar	2.3490
Western Samoa S.	Samoan Tala	2.1885
Yemen (Nth)	Ryal	10.57 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8050
Yugoslavia	New Y Dinar	70.9369
Zaire Republic	Zaire	7.305634
Zambia	Kwacha	1.9350
Zimbabwe	Zimbabwe $	1.5050

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.65. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

Retailers fear for trade this year

After successful sales, department stores are worried, reports David Churchill

HARRODS, the London department store owned by the House of Fraser group, ended its best-ever January sale on Saturday.

Harrods reports that it took £5m on the first day of its sale and says takings throughout the three weeks were consistently up on last year. It is not the only big department store to find the traditional lure of bargains in the January sales can still bring in the shoppers.

Debenhams, Selfridges, and the John Lewis Partnership all reported buoyant trading during their bargain sales. But department stores expect to do well during their January sales, traditionally offering some of the biggest price cuts.

But reports from other retailers, especially chain stores with branches throughout the UK, suggest that the trading boost caused by the sales has already dissipated and most retailers are becoming pessimistic about trade for the rest of the year.

The slowdown in trade was revealed in figures published yesterday by John Lewis showing trade in its 18 department stores for the week ending January 24. Turnover in that week was up by only 7 per cent on the same week last year.

Earlier last month John Lewis's sales were running at 25 per cent above last year's levels. "If we needed a reminder that trading conditions were tough, we were provided with one last week," comments Mr. Ian Anderson, John Lewis's director of trading.

Department stores are especially vulnerable to the effects of a recession, since their customers often move to lower priced discount stores. Shopping in the air-conditioned and carpeted luxury of a department store is less important than the discount prices offered in out-of-town hypermarkets, even if the discount stores' facilities can be rather spartan.

With the growth in both market power and physical size of multiple chains such as Tesco, Asda and British Home Stores, the traditional benefits of a department store—a wide variety of stocks under one roof—have diminished.

Moreover, during the present recession such areas as clothes, durables, and furnishings—the backbone of the department store trade—have suffered the worst slumps in consumer demand over the past year.

London department stores in particular have been badly hit by the fall in tourists from the UK and overseas.

Department of Trade statistics show that the department stores' share of total retail trade fell to 4.86 per cent in 1979, from 4.96 per cent in 1978. While total department store sales of £2.4bn in 1979 were 12 per cent up on the previous year, this rate of growth was behind most other sectors of the retail trade.

Although 1980 statistics have not yet been published, few in the trade expect the department stores sector to have drastically improved its performance.

A recent survey of 60 department store groups covering the three-year period to last April also shows how they have come under pressure.

The survey, by ICC Business Ratios, shows that sales rose by 16.3 per cent during the first half of the period under review, but fell by 11.9 per cent in the second half. Profits rose by 26.2 per cent from the first year to the second but by only 4.2 per cent from the second year to the third.

Although there are several hundred department stores in the UK, the six largest groups account for about 85 per cent of sales. House of Fraser is the largest department store group, with over 100 stores, and has about 30 per cent of the market.

Apart from stores trading under the House of Fraser name, other stores owned include the Army and Navy Stores, D. H. Evans, Barkers, Chiesmans, Kendal Milne, Rackhams, Dickins and Jones and Harrods.

The House of Fraser is followed by Debenhams—with 20 per cent of the market—and John Lewis with 15 per cent. The other big department store groups are UDS, Sears Holdings and Owen Owen.

Both Debenhams and House of Fraser had their profits cut as a result of the recession last year. Debenham's interim pre-tax profits to August 16 last year were £1.2m, compared with £4.7m in the same period of 1979. House of Fraser's interim profits for the half year to July 26 were £1.02m, compared with £7.82m in 1979.

Debenhams in particular has responded to the recession by a vigorous price-cutting campaign, which appears to have boosted its sales volume, although it is too early to see whether profitability has also improved.

Debenhams is also experimenting with "shops-within-shops," such as travel agencies and opticians, to broaden the scope of its appeal. However, the success of such outside concessions remains open to doubt. Some concessionary retailers in the Bournes store in Oxford Street are believed to be considering whether to stay in the store.

Mr. Roy Stephens, chief executive of Selfridges, also believes department stores can do more to improve sales techniques. He says many retailers have become lax in the past by not having to fight for sales.

Consequently, Selfridges is giving special training to all its staff — including special video presentations—to teach them how to sell even in difficult trading times.

The Retail Consortium, also believes in a "continuing role for the best department stores operating in the right places and for a section of the market." But it warns that some stores will inevitably be forced to close because of the current recession.

Sale time at Harrods: thousands of bargain-hunters made the January sale the best ever, but will the shop keep drawing record numbers of customers all year?

BY ORDER OF THE UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF CALIFORNIA CASE NO. 3-81-00111

In re: **ITEL CORPORATION**
a Delaware corporation,
doing business as listed below,
Debtor.

TO THE DEBTOR, ITS CREDITORS, AND OTHER PARTIES IN INTEREST OF ITEL CORPORATION:

An order for relief under 11 United States Code Chapter 11 having been entered on a petition filed by Itel Corporation, San Francisco, California, on January 19, 1981, IT IS ORDERED, AND NOTICE IS HEREBY GIVEN, that:

A meeting of creditors pursuant to 11 United States Code Section 341(a) shall be held on February 24, 1981, at 10:00 o'clock a.m., at the Gold Room of the Fairmont Hotel, 900 California Street, San Francisco, California.

The Debtor shall appear by its president or other executive officer at that time and place for the purpose of being examined.

YOU ARE FURTHER NOTIFIED THAT:

The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice to creditors.

At the meeting the creditors may file their claims, designate a person to supervise the meeting, examine the Debtor, and transact such other business as may properly come before the meeting.

As a result of the filing of the petition, certain acts and proceedings against the Debtor and its property are stayed as provided in 11 United States Code Section 362(a).

The Debtor will file a list of creditors and equity security holders pursuant to Rule 1007. Any creditor holding a listed claim which is not listed as disputed, contingent, or unliquidated as to amount, may, but need not, file a proof of claim in this case. Creditors whose claims are not listed or whose claims are listed as disputed, contingent, or unliquidated as to amount and who desire to participate in the case or share in any distribution must file their proofs of claim on or before a date to be set by later order of this Court as the last day for filing a proof of claim. Any creditor who desires to rely on the list has the responsibility for determining that he is accurately listed.

The Debtor has filed an "Application for Order Establishing Notice Procedure; and Order Thereon," requesting that notices of certain sales of property and of compromises, and of applications for compensation and reimbursement be given only as required by Interim Bankruptcy Rule 2002(e) and (f), and this Court has granted such Application. Therefore, any party in interest that desires Special Notice of such matters shall within 30 days from February 24, 1981, file with the Court and serve on counsel for the Debtor-in-Possession a Request for Special Notice, as required under Interim Bankruptcy Rule 2002(e). Such Requests shall be served on counsel for the Debtor-in-Possession by mailing a copy thereof to:

Karl Bemesderfer, Esq.
Assoc. General Counsel
Attn: Special Notice Request
Itel Corporation
One Embarcadero Center
San Francisco, California 94111

Objections relative to any such Notices given by the Debtor-in-Possession shall be in the form of a motion, and shall be governed by Local Bankruptcy Rule 10, and shall be filed and served within ten days after service of any such Notice. The Court has reserved the right to modify the provisions herein relating to requests for special notice on motion of any party in interest.

DATED: January 22, 1981

LLOYD KING
UNITED STATES BANKRUPTCY JUDGE

• OTHER NAMES •

This list of names is provided for the convenience of creditors who may maintain their records of obligations due from Itel Corporation under some other name, and to ensure full notice to creditors. It is not an admission of liability with regard to any of the names set forth or for any purpose whatsoever.

All City Collection Bureau, Inc., prior to 10/80
Alpha Omega Computer Systems, Inc.
Accounting and Business Forms Corporation, a Pennsylvania corporation, prior to 12/78
Accounting and Business Forms Corporation, a West Virginia corporation, prior to 12/78
ASD, Inc. (formerly Data Services Group), prior to 7/79
Blair Systems Corporation, prior to 6/80
CSC Data Services Corporation (formerly AutEx, Inc.), prior to 11/79
Computer Dimensions, Inc.
Capital Business Service, Inc.
Capital Business Service of Oakland
Central Data Systems, Inc.
Computer Facilities, Inc.
Compumet, Inc., prior to 4/80
Dade-Broward Credit Bureau, Inc., prior to 10/80
Data Processing Bureau of California, Inc.
Data Processing Services Corporation
Delta Information Systems Corporation, prior to 6/80
DRI Computer Leasing, Inc., prior to 6/80
Eridine Development Corporation, prior to 6/80
Facts Nationwide Teletype Services, Inc.
I.P.L. Data Services, Ltd.
Itel Administration Corporation
Itel Autex, Inc., prior to 9/79
Itel Capital Services Corporation
Itel Central Data Systems, Inc.
Itel Computer Corporation
Itel Computer Dimensions, Inc.
Itel Computer Equipment Corporation
Itel Computer Leasing Corporation
Itel Computer Products Corporation
Itel Computer Receivables Corporation
Itel Computer Sales Corporation
Itel Corporation, a Nevada Corporation
Itel Computer Access, Inc.
Itel Computer Lease Finance Corporation
Itel Data Products Corporation
Itel Data Services Corporation
Itel Data Services Leasing Corporation
Itel Data Processing Corporation, prior to 11/79
Itel Delta Resources, Inc., prior to 6/80
Itel Equipment Lease Finance Corporation
Itel Federal Lease Corporation
Itel Facts Nationwide Acquisitions Corporation
Itel Facts Nationwide Teletype Services, Inc.
Itel Field Service Corporation
Itel Financial Services Corporation
Itel Fedder Data Center
Itel Finance Corporation
Itel Financial Services (International) Corporation
Itel Insurance Corporation
Itel Interim Equipment Lease Finance Corporation
Itel Interim Lease Finance Corporation
Itel Lease Investments Corporation
Itel Lease Management Corporation
Itel Leasing Corporation
Itel Leasing Development, Inc.
Itel Maritime Finance Corporation
Itel Medical Arts, Inc., prior to 10/80
Itel Medical Arts Office Services, Inc., prior to 10/80
Itel Memory Equipment Corporation
Itel POM, Inc., prior to 10/80
Itel Resources Corporation
Itel Resources of Utah, Inc.
Itel Tax Accountants Service Company
Itel Transportation Finance Corporation
Itel Transportation Management Services Corporation
Itel UNA, Inc., prior to 12/79
Itel United Medical Data Services, prior to 6/79
Itel Utility Network of America, prior to 12/79
Lacertes Accountants Computer, prior to 1976
Lacertes Data Processing Bureau, prior to 1976
Maintech, Inc., prior to 6/80
MJB Management Corporation
Multiple Access, Inc. (New York), prior to 12/79
Multiple Access, Inc. (Delaware), prior to 12/79
Medical Arts Office Services, Inc., a Massachusetts corporation, prior to 10/80
Medical Arts Office Services, Inc., a New York corporation, prior to 10/80
National Protection Services, Inc. (formerly ISD, Inc.), prior to 10/80
Professional Automated Services, Inc., prior to 7/80
Science Dynamics, Inc.
SSI Agricultural Services Corporation
SSI Container Leasing Corporation
SSI Container Corporation
SSI Transportation Services Corporation
SSI Rail Corporation
SSI Tank Management Corporation
SSI Trading Corporation
SSI Trading Corporation-International
Tax Accountants Computer Services
Transportation Management Services Corporation, prior to 3/80
Utility Network, Inc., prior to 12/79

Itel: Autex Division, prior to 9/79
Data Products Group
Financial Services Group
Data Services Group
Transportation Services Group
Air and Fleet Services Group
Air and Equipment Management Group
Equipment Finance Division
Lease Services Division
Computer Products Division
Field Engineering Division
Leasing Division
Equipment Management Division
Lease Administration Division
Financial Data Services Division
Utility Data Services Division, prior to 12/79
Computer Dimensions Division
Communications Division
Commercial Data Services Division
Accounting and Business Forms Division, prior to 12/79
Rail Division
Data Processing Division, prior to 11/79
Business Systems Division
Air Division
Federal Division
Transportation Management Services Division, prior to 3/80
Medical Arts Division, prior to 10/80
Medical Data Systems Division, prior to 6/79
Insurance Data Services Division, prior to 6/79
Insurance Data Services Division, prior to 4/80
Banking Data Services Division, prior to 9/79
Automotive Services Division, prior to 7/79
Capital Division
Fleet Services Division
Rail Intermodal Division
Computer Finance Division
Management Information Systems Division
Insurance Division
Systems Development Division
Rail Lease Division
Itel Corporate Information Systems
Computer Systems Division
Itel Professional Services Division, prior to 11/79
Delta Resources Division, prior to 6/80
Network Communications Division, prior to 6/79
Container Division
Navigation Division
Rail Operations Division
Specialized Container Division
Health Systems Division, prior to 6/79
International Division
Computer Peripherals Division
Audatex Division, prior to 4/80
Systemix Division, prior to 11/79
Lease Finance Division
Computer Remarketing Division
Data Products Financial Division
MVR Services, prior to 4/80

as General Partner:
Manufacturer's Leasing Associates V
Manufacturer's Leasing Associates VII
Manufacturer's Leasing Associates VIII
Manufacturer's Leasing Associates IX
Manufacturer's Leasing Associates XV
Manufacturer's Leasing Associates XVI
Manufacturer's Leasing Associates XIX
Manufacturer's Leasing Associates XXI
Manufacturer's Leasing Associates XXII
Manufacturer's Leasing Associates XXV
Manufacturer's Leasing Associates XXVIII
Manufacturer's Leasing Associates XXX
Manufacturer's Leasing Associates XXXIV
Manufacturer's Leasing Associates XXXV
Manufacturer's Leasing Associates XXXVI
Manufacturer's Leasing Associates XXXIX
Manufacturer's Leasing Associates XLII
Itel River Barge Management Program
Measurement Systems Leasing
O.S. Leasing Associates XI
SLC Leasing
FJC Leasing Company

Appointments

Senior executives at Samuel Montagu

Mr. John R. Sclater has been appointed chairman of the ASSOCIATION OF CONSORTIUM BANKS in succession to **Mr. Kenneth F. Einfeld** of International Commercial Bank. **Mr. Gerard Legrain** has become deputy chairman. Mr. Sclater is managing director of Nordic Bank and Mr. Legrain, managing director of International Mexican Bank.

★

STEPHEN ROSE AND PARTNERS has made the following appointments to the Board: **Mr. Stephen Rose**, chairman and managing director. **Mr. David Lloyd-Price**, deputy chairman. **Mr. Andrew Murison** and **Mr. Michael Wellesley-Wesley**. **Mr. Raymond Newell** has become trading manager and **Mr. Alan Porter** operations manager.

★

Mr. Per Ahlqvist, Mr. Richard Andrew, Mr. Niel Daubeny and **Mr. Oliver Steele** have been appointed deputy managing directors of SCANDINAVIAN BANK.

★

Mr. Derek Hughes and **Mr. David Potter** have joined the Board of SAMUEL MONTAGU AND CO. as managing directors. Mr. Hughes will be responsible for the UK and international banking and finance division and Mr. Potter for the international capital markets division.

★

Mr. Michael Peacock, managing director of Video Arts Television, has been elected chairman of the newly-formed INDEPENDENT PROGRAMME PRODUCERS ASSOCIATION. **Mr. Mark Shelmerdine**, managing director of London Film Productions, has become treasurer of the Association.

★

Mr. Timothy J. Benn has been appointed chairman of BENN BROTHERS in place of **Mr. Richard Woolley**, who has retired from the Board. **Mr. James Benn** has become deputy chairman and continues as chairman and managing director of Benn Publications.

★

Mr. Marcus Smith, formerly engineering director for London Buses, has been appointed general manager (buses). He takes over day-today responsibility for operations and for maintenance engineering from operations director **Mr. Jack Wooler**, who has retired from LONDON TRANSPORT. **Mr. Frank Giles**, deputy operations director, is redesignated operations manager and deputy general manager, and **Mr. Charles Greystock**, formerly rolling stock engineer, is redesignated engineering manager (bus operations). **Mr. Terry Lowe** has been made technical director (buses).

★

Mr. Kenneth Lindon-Travers has been appointed director of the INSTITUTE OF DIRECTORS' non-executive directors appointments service, succeeding **Sir David Pitblado**. Mr. Lindon-Travers was formerly managing director of Cunard Line.

★

Mr. Len Williams, pensions controller of the Sterling-Winthrop Group, has been appointed a director of STERLING GROUP PENSION TRUSTEES.

★

Mr. Jeremy Collins has been appointed management services director of FOSTER BROTHERS (GROUP SERVICES), a subsidiary of Foster Brothers Clothing.

★

Dr. David Swallow, managing director of Tunnel Speciality Chemicals, has been appointed a director of the parent company, TUNNEL HOLDINGS.

OVERSEAS

Mr. Nicholas Selbie, an executive director of Barclays Merchant Bank, has been seconded as a director of that bank to work in the group office of BARCLAYS BANK INTERNATIONAL, New York.

★

Mr. Neil Cooper has succeeded **Mr. Michael Young** as general manager of GUY BUTLER (HONG KONG). Mr. Young, a director of the Hong Kong company and Guy Butler (International), is returning to London where he will continue to have regional responsibility for Butler's operations in South East Asia.

★

Mr. D. H. A. Harrison has been appointed principal manager for Portugal, of THE BANK OF LONDON AND SOUTH AMERICA, a subsidiary of Lloyds Bank International. He will be based in Lisbon.

Mr. J. W. S. Cook has become principal manager for the Netherlands, Lloyds Bank International, based in Amsterdam.

Mr. J. D. Booth has been appointed a director of the NATIONAL BANK OF AUSTRALASIA and it is intended that he will become managing director when the bank's articles of association have been amended to permit such an appointment. Mr. Booth has been group general manager of the bank since December, 1979.

★

Dr. Guy E. Waldvogel has been appointed president and chief executive officer of ALUSUISSE OF AMERICA, the New York-based holding company for U.S. interests of Swiss Aluminium Company. Dr. Waldvogel was chief executive officer of Givaudan SA, of Geneva.

★

Mr. Kenneth G. Fisher has been appointed to the Boards of FIRST NATIONAL BOSTON CORPORATION and its principal subsidiary, the FIRST NATIONAL BANK OF BOSTON. Mr. Fisher is president and chief executive officer of Prime Computer Inc. of Framingham, Mass.

CONTRACTS AND TENDERS

TURKEY

PROCUREMENT NOTICE FOR LINE PIPE

Under the coverage of Bati Raman Field E.O.R. Demonstration Project, Turkish Petroleum Corporation (TPAO) invites prospective bidders to manufacture about 85 kms of 10.75" OD high test line pipe, FRW type with grade API 5LX 60 for carbon dioxide transportation. Wall thicknesses and percentage lengths are 0.279" (54%), 0.307" (42%), 0.438" (4%) respectively.

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Mudafaa Cad. 22, Ankara/Turkey Telex: 42044

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN UNY CO., LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Uny Co., Ltd. held on January 20, 1981, it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.1 share for each 1 common share of Y50 each (1 new for each 10 old) as of record date, 3.00 pm Tokyo time, February 20, 1981.

With effect from February 17, 1981, the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No 1 attached to the EDRs will deem to have matured on February 17, 1981, and will be used for the purpose of claiming these rights and Coupon No 1 should be detached from any EDRs presented for surrender on or after that date.

The registration of shareholders of the company will be suspended during the period from February 21, 1981, to the closing of the 10th General Shareholders' Meeting, which is expected to be held about the middle of Mar. 1981.

A further notice will be published as soon as practicable giving the date of distribution of the new shares, which is expected to be mid-May 1981, and the method to be adopted for collection of the rights shares.

CITIBANK, N.A., London, Depositary

February 3, 1981.

TOKYU DEPARTMENT STORE CO., LTD.

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that subject to shareholders' approval, the above Company will pay a final dividend of Yen 3.00 per share to shareholders as of record date January 31, 1981. With effect from January 28, 1981, the shares will be traded ex-dividend in Tokyo.

Subject to approval of the dividend, Coupon No. 3 will be used for the purpose of claiming such dividend and will be deemed to have matured on January 28, 1981. With effect from that date, Coupon No. 3 should be detached from any EDR presented for surrender and will not be issued with any new EDR.

In accordance with usual practice the shareholders' register will be closed from February 1, 1981, to the closing day of the ordinary general meeting of shareholders normally held in April. It accordingly during such period it will not be possible to register the transfer of shares withdrawn against surrender of EDRs.

A further notice will be published giving the amount payable in U.S. dollars and actual payment date of such dividend which is expected to be at the end of April, 1981, together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary. Only upon such notice will any payment be made against presentation of Coupon No. 3.

THE CHASE MANHATTAN BANK N.A.
London, as Depositary.

February, 1981.

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The numbers of the 1,035 bonds drawn on this occasion fall within the following group of numbers

1,326 to 2,360

The other numbers in this group refer to bonds already purchased on the market.

The drawn bonds—coupon No. 11 (12th March 1982) and subsequent coupons attached—will be redeemed at par from the 12th March 1981 onwards. The bonds should be presented to any of the under-mentioned Paying Agents, who will effect payment free of charge:

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—BANCA NAZIONALE DEL LAVORO, Rome
—DEUTSCHE BANK AKTIENGESELLSCHAFT, Frankfurt
—KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg.

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5,500,000 European Currency Units

The following bonds, previously drawn for redemption have not yet been presented for payment:
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4692 and 4693
1173 to 1176

CREDIT COMMERCIAL DE FRANCE, Paris,
Financial Agent to the Company

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WORLD STOCK MARKETS

Early Dow index fall of 10.8

INTEREST RATE worries and disenchantment with Oil and Technology issues left Wall Street sharply lower after a fairly large turnover by mid-session.

The Dow Jones Industrial Average fell 10.84 to 936.43 at 1 pm. The NYSE All Common index receded $1.14 to $73.13, while declining issues outpaced gains by a four-to-one ratio. Trading volume came to 30.72m shares, compared with last Friday's 1 pm figure of 28.84m.

Analysts said despite gradually easing interest rates, they expect the Federal Reserve to limit the pace and scope of rate declines. Three major banks now list a 19[illegible] per cent Prime Rate, but most are still charging 20 per cent.

Margin account selling was said to be further depressing the recently weak Oil and High Technology issues, former favourites of investors.

United Technologies lost [illegible] to $54[illegible] despite higher fourth-quarter net earnings and increased dividend. It has also won a $60m order to supply engines for Saudia Airline's airbus A300-600 planes.

Blue Bell declined 1[illegible] to $31[illegible]. The company said Allegheny-Ludlum's merger bid is not worth the $40 a share claimed by Ludlum.

Sperry and Hutchinson slipped [illegible] to $30[illegible]. Baldwin United wants to acquire S and H for $36 a share.

UAL, however, gained $1 to $20 on improved fourth-quarter results. Also against the trend, Chrysler put on [illegible] to $5[illegible], Anheuser-Busch [illegible] to $33[illegible], Continental Illinois [illegible] to $32[illegible] and First Charter Financial [illegible] to $14[illegible].

THE AMERICAN SE Market Value Index weakened 7.52 to 337.51 at 1 pm on volume of 3.68m shares (3.37m).

Volume leader Dome Petroleum fell 3[illegible] to $56[illegible]. Among Technology issues, Paradyne shed $2 to $30 as the second most active issue, Commodore International $2 to $35 and Wang Laboratories B 2[illegible] to $34.

Closing prices for North America were not available for this edition.

Canada

In line with U.S. trends, Canadian markets were broadly and sharply lower at mid-day after active dealings. The Toronto Composite index dipped 18.1 to 2,208.6 at noon, Golds 104.8 to 3,951.1 and Oil and Gas 90.1 to 4,377.4.

Tokyo

Sporadic selective buying concentrated in Blue Chips pushed the market further ahead yesterday, leaving the Nikkei-Dow Jones Average 37.91 higher at a fresh all-time peak of 7,322.06.

The Tokyo SE index climbed 1.88 to 511.94, while rises on the First Market section outpaced falls by 379 to 291. Trading, however, remained light, volume amounting to only 250m shares, against last Friday's 280m.

Natural Resources issues, Light Electricals, Precision Instruments, Machine Manufacturers, Steels, Shipbuilding, Pharmaceuticals, Constructions and Synthetic Fibre Makers were mostly higher.

Singapore

Shares continued to strengthen, taking the Singapore Straits Times Industrials index up 12.50 more to another record high of 744.50.

Volume was lower than of late because a holiday in Kuala Lumpur was limiting arbitrage dealings, but the pre-Chinese New Year rally continued apace.

Banks led the advance, UOB rising 50 cents to S$5.50 and Singapore Properties had another good day as evidence mounted that the closing of the Urban Redevelopment Authority's latest auction last Friday had brought high bids, including one reportedly from Kuwait. UOL climbed 28 cents to S$3.48 and Singapore Land 40 cents to S$8.25.

Plantations also firmed, while Tins benefited from an announcement that Malayan Tin Dredging and the Government-controlled Malaysia Mining are considering a merger by means of an offer of Malayan Tin shares to Malaysia Mining holders.

Among leading Industrials, Magnum moved ahead S$1.80 to S$21.70 and Malayan United Berhad S$1.50 to S$16.80.

Australia

Shares mostly remained in easier mood as BHP's A$331m rights offer continued to weigh heavily on the market in general. BHP, 70 cents weaker at A$13.80, and the Australian All Ordinaries index, down 8.6 more at 648.4, were both at their lowest levels for months.

BHP's rights issue, which is partly to finance current development projects, will come to the market at a time when liquidity is low. Although the issue has its attractions, dealers fear that investors will have to sell some rights to take up the balance, putting further pressure on the market. The market is also worried that Woodside Petroleum, which receded 30 cents to A$2.60, will take a leaf out of BHP's book and make an issue with a high premium.

In contrast, news that the Strzelecki No. 4 well had flowed 200 barrels of oil a day pushed Crusader Oil up 14 cents to A$5.34 and Vamgas 10 cents higher to A$6.60, but partner Santos shed 10 cents to A$16.80.

Gold Minings retreated on the Bullion price retreating in Hong Kong, with GMK falling 50 cents to A$7.00.

Milan

The market sustained a sharp setback yesterday, following the recent strong advance, with credit restrictions initiated by the Government over the weekend to support the Lira triggering heavy sales in the first part of the session. Late selective demand on companies with large real assets, such as those in the Holdings and Insurance sectors, left the market above the day's worst.

However, the Banca Commerciale Italiana index closed 4.08 below Friday's 1980-81 high at 207.85, mainly reflecting sharp falls in the Industrial leaders, which are expected to suffer the most from the Government action.

Germany

Bourse prices were mixed to firm after thin trading. Dealers were hesitant to cite particular market-moving developments, but noted that investors remained wary of Mark-denominated securities due to the weakness of the West German currency on the Foreign Exchange markets.

Chemicals hardened over a broad front despite a prediction released by the West German Chemical Industry Association that 1981 will be another poor earnings and sales year. Degussa helped the sector by declaring a higher dividend, and ended DM 1.50 up at DM 232.50 after opening at DM 234.

Hong Kong

Stock prices mainly improved in fairly active trading, with the Hang Seng index advancing 20.62 to 1,608.70. Turnover on the four exchanges increased to HK$504.11m from last Friday's total of HK$443.41m.

Investors were unperturbed by the continuing fall in the value of the Hong Kong dollar and drew encouragement from Citibank's decision on Friday to cut its U.S. Prime Rate to 19[illegible] per cent.

Johannesburg

Gold shares reverted to a downward course on moderate selling as the Bullion price fell below $500. Harties lost R3 to R65 and Buffels R1.25 to R39.50.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

COMMODITIES AND AGRICULTURE

Turkey farmers threaten French imports blockade

BY RICHARD MOONEY

BRITISH TURKEY producers warned yesterday that they will blockade ports to keep out French turkeys unless the Government acts quickly to halt these imports, which they claim benefit from heavy subsidies and escape proper hygiene inspection.

Mr. Bernard Matthews, Europe's biggest turkey producer, told the Eastbourne annual conference of the British Turkey Federation, of which he is president, that illegal Government handouts enabled French producers to undercut British competition by up to 5p a lb.

"If it doesn't stop, 10,000 jobs in the British poultry industry could be lost," he said.

Federation members demanded a ban on all French meat and Mr. Raymond Twiddle, the BTF chairman, said: "We are in deadly earnest. We are already having to hold our members back, but, if the Government does not do something quickly we will picket the ports to stop the imports.

French producers were getting millions of pounds in Government handouts and cheap loans, he said, and the authorities were turning a blind eye to EEC health and hygiene regulations. "These French birds should be in the English Channel, not crossing it," he declared.

Mr. Twiddle claimed the Federation had been unable to find a single poultry processing plant in France which was applying the EEC hygiene inspection laws that cost British producers £4m a year.

Mr. Matthews urged Mr. Peter Walker, the UK Agriculture Minister, to raise the matter urgently in Brussels and to ban all French meat imports where it was clear the French were contravening EEC laws.

The strength of feeling at yesterday's meeting indicated that Mr. Walker's announcement last week that the Government would pay half the cost of statutory poultrymeat inspection for the rest of this financial year had done little to mollify the producers.

The Minister said the aid, up to a ceiling of £2m, was intended to help maintain the existing inspection service pending the establishment of a harmonised EEC scheme.

● Poultrymeat output in 38 leading producing countries is projected to rise 4 per cent to 21.72m tonnes this year, according to the U.S. Department of Agriculture, reports Reuter from Washington. Last year production was up 5 per cent.

The Department said it expected broiler chicken production to rise 5 per cent to 14.9m tonnes and turkey production 4 per cent to just over 2.1m tonnes. The U.S. was forecast to produce 36 per cent of the broilers and 55 per cent of the turkeys.

World grain output warning

ROME — World cereal output must rise at least 4 per cent, or 62m tonnes, this year just to meet higher consumption needs in 1981-21, the UN Food and Agriculture Organisation (FAO) has warned.

"If, in addition, stocks are to be replenished to the minimum level necessary to safeguard food security—17 per cent of annual world consumption—an increase in 1981 cereal production of as much as 7 per cent, or 107m tonnes, will be required," FAO said in its monthly food report.

FAO said sharp declines in Cereal stocks and increased import needs by developing countries and the Soviet Union were expected.

The report placed world cereal production—wheat, rice and coarse grains—in 1980 at 1.44bn tonnes, only marginally higher than in 1979 and again below long-term trend.

FAO forecast a record rise in world trade in cereals in 1980-1981 to 202m tonnes, reflecting higher imports by the Soviet Union and by developing countries, whose own imports were expected to reach a record 95m tonnes, 6m higher than in 1979-1980.

World cereal stocks were forecast to decline by 40m tonnes to 210m tonnes by end of the season as a result of a second drawdown in two years to meet current consumption needs.

At this level, FAO said, stocks would be equal to only 14 per cent of apparent world consumption and on a par with the low levels of the 1973/4 global food crisis. The reserve margin would be only 30m tonnes, one week's world consumption.

"With stocks below safe levels and barely sufficient to keep supply channels filled until 1981 crops reach the market, the world will begin the 1981/2 season with virtually no cushion against major crop shortfalls," it said.

● An administration spokesman said President Reagan's Cabinet is scheduled to hold its next meeting on February 4.

Both Mr. Reagan and Agriculture Secretary John Block said last week that the partial grain embargo against the Soviet Union probably will be discussed at this week's Cabinet meeting, and that there could be a decision made on how to handle the grain trade restrictions. Reuter

Canadian wheat price up

BY VICTOR MACKIE IN OTTAWA

WESTERN Canadian farmers will get higher initial grain prices this season. Senator Hazen Argue, Minister of State responsible for the Canadian Wheat Board, announced here that the price adjustments reflect current strong market conditions.

Farmers receive an initial payment from the Wheat Board for grain when they deliver it to the elevator. Final payments are made some months later to reflect the actual price the wheat board received for the grain in the market place.

Senator Argue said the initial price for top red Spring wheat will jump to $C5.35 a bushel from $C4.25. Durum wheat to the farmer will go up from $C5 to $C6.50. The cheques will be going out to the farmers within the next few weeks.

The pay-out now exceeds $C400m. Senator Argue said the higher world market prices for wheat and barley will put more money in farmers' pockets now while permitting a moderate final payment later.

Lower sugar use expected

WORLD CONSUMPTION of sugar has suffered more from higher prices and the recession than earlier anticipated, according to West German sugar statistician, F. O. Licht.

In his second estimate of the world sugar balance, Licht places world consumption in 1980/81 (Sep./Aug.) at 89.64m tonnes, down from his earlier estimate of 90.36m and from the 1979/80 total of 89.96m.

Stocks at the end of 1980/81 are expected to fall about 2.8m *tonnes to 23,114,000 tonnes* from 25,950,000 tonnes at end 1979/80, Licht says. This compares with the earlier estimate of 22,212,000 tonnes.

Production for 1980/81 is placed at 86.98m tonnes, up from 84.99m last year and slightly higher than the 86.57m previously estimated for the year.

Meanwhile London sugar dealing house E. D. and F. Man forecast lower sugar consumption and increased production could mean world sugar stocks will fall by not more than 2.5m tonnes in 1980-81.

Man's latest monthly report said stocks may not decline at all in the 1981-82 season beginning September.
Reuter

Jute agreement talks postponed

By Brij Khindaria in Geneva

PLANS to create a new International Jute Organisation were postponed after a three-week conference here failed to agree on what the organisation should do and how it should function.

A spokesman from the main jute producing and consuming countries said significant progress was made at the talks. But continuing differences makes it unlikely that the proposed organisation will come into being in the near future.

Under a compromise proposal put forward by Felipe Jaramillo of Colombia, chairman of the conference, the Organisation would be limited to conducting research into ways of cutting production costs, improving yields and finding new markets. Its mandate would be to act in co-operation with various UN agencies, including the Food and Agriculture Organisation (FAO) to seek solutions to problems raised by jute producing countries without becoming an aid agency transferring funds to implement projects involving capital investments.

Metals firmer on weak £

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL prices held firm yesterday in spite of the fall in gold back below $500 an ounce. The weakness of sterling against the dollar was an important offsetting influence, so much so that copper cash wirebars closed £8 up at £781 a tonne after an uncertain start.

The rise came in spite of another increase in copper stocks held in LME warehouses. The stocks went up for the third week in succession by 500 tonnes, a total of 123,500 tonnes.

The upward trend was encouraged by some U.S. producers announcing higher domestic selling prices for copper.

Asarco lifted its copper price by 1 cent to 86 cents a pound, but at the same time announced a cut of 2 cents to 30 cents a pound in its domestic lead price.

This further cut in U.S. lead prices reflects the depressed state of the market there with surplus supplies building up in the face of poor demand, especially from the battery industry. LME warehouse stocks of lead rose by 1,000 to 70,625 tonnes adding further pressure on the London market. As a result cash lead closed only £1.75 up at £278.75 tonne, in spite of the boost provided by the decline in sterling.

A further rise in zinc stocks, up by 975 to 92,475 tonnes, kept the market subdued. There are increasing rumours that producers may be forced to cut their official European quotation from its present level of $825 a tonne in view of the decline in LME values. Smelters are believed to be already giving discounts on the official quotation. But the shortage of zinc concentrates—the smelters' raw material—is making mine producers reluctant to agree to a cut from $825.

Falconbridge and Le Nickel confirmed yesterday that they were following Inco's lead in discontinuing the 6 per cent discount on their quoted prices. The measure introduced first by Inco in November to help boost flagging sales created considerable confusion at the time, since producers had managed to resist for most of 1980 pressure from consumers for cuts in view of poor demand and much cheaper free-market prices.

Now there is equal confusion about Inco's decision to withdraw the discount effective from February 28, since there is no sign of increased demand. Indeed some traders believe the situation has worsened rather than improved recently.

At the same time as announcing the date for withdrawing the discount, Inco also extended it by allowing the discount to be given on deliveries up to the end of June, providing the order is placed prior to the end of February. Originally the discount only applied to deliveries up to end-March.

In any event the LME nickel market viewed the news "bullishly" and the cash price rose by £62.5 to £2,742.5 a tonne. Nickel stocks held in LME warehouses fell by 150 to 4,050 tonnes, and the cash price remains at a premium to the three months quotation reflecting the tightness of supplies immediately available to the market.

Aluminium futures were heartened by a stocks fall of 1,950 to 55,100 tonnes. LME silver holdings also declined by 180,000 to 26,220,000 ounces, while stocks of tin were 25 lower at 6,815 a tonne.

Cash tin ended the day £30 down at £5,845 a tonne, after an erratic day's trading. The market was boosted by the weakness of sterling and rumours of recent Soviet buying. But the fall in gold, and lack of new consumer buying interest, were depressing influences.

Safety code for DRI shipment

BY ROY HODSON

A NEW CODE for the safe shipment by sea of bulk cargoes of direct reduced iron (DRI) will be approved shortly by the Intergovernmental Maritime Consultative Organisation (IMCO) if a programme for action at the organisation's London headquarters runs its course successfully.

The trade is growing at a fast rate as steelmakers in many countries are switching to the use of DRI in preference to iron ore. Production of DRI is currently at a level of more than 30m tonnes a year and some 20m tonnes of new production capacity is being considered by about 14 countries.

The danger of overheating or spontaneous combustion occurring in cargoes of some forms of DRI has been a cause for growing concern among producers and shippers. There have been cases of overheating by reoxidation where the material has been allowed to get wet in a warm environment. No serious accidents have been reported, however.

Mr. C. W. Sanzenbacher, vice president of process development for the Midrex Corporation of the United States, one of the two biggest DRI plant makers and producers of the material, said: "We have successfully shipped over 1.5m tonnes of untreated DRI by barge, truck, rail, or ocean vessel with less than 1 per cent showing any noticeable signs of reoxidation. Those cases where reoxidation did occur were the result of not keeping the material cool and dry."

Both Midrex and HYL, the Mexican company which was a pioneer of DRI development on a large scale, have now developed processes to provide DRI pellets with protective coatings during production.

The IMCO proposed code of safe practice for shipping DRI is based upon recommendations made by a U.S. panel headed by the U.S. Coast Guard. It was approved by an IMCO sub-committee meeting in London last week and now has to go to the IMCO maritime safety committee. An important feature of the code is that no shipment known to have become wet should be accepted for carriage.

The initiative for the new code arises from wide agreement between DRI producers and shippers that stricter rules for the protective finish of the material and its handling are needed now to minimise accident risks as the trade develops.

Most of the new investment in DRI plants is being made by developing nations with cheap local energy resources to power the process. In nearly all cases the new producers are ambitious to build up export business with DRI production that is surplus to domestic steel industry needs.

Ultimatum from EEC fishermen

By a Correspondent

EUROPEAN PORTS may face a fishermen's blockade this month if there is not a quick settlement to the much postponed EEC Common Fisheries Policy.

Trade unions representing Common Market fishermen will issue a strong ultimatum to the Council of Ministers meeting in Brussels on February 9 to settle the CFP or face concerted action by the fishermen.

Announcing the planned ultimatum yesterday in Aberdeen, Transport and General Workers' Union National Fishing Officer, Mr. Mel Keenan, said: "Trade unionists throughout the EEC reckon that the fleets in Europe are being allowed to disintegrate. We have reached the position that if we don't do something soon, there will be nobody left to do it."

Trade unionists acting together for the first time will present their demand for a speedy resolution of the CFP to the Council of Ministers, and if they have no success, will call a meeting of European fishing union delegates to consider forms of direct action.

The decision to go for direct action follows a meeting last week in Brussels of union representatives from seven EEC countries who sit on the EEC's joint committee on social problems in sea fishing.

Already the port of Cuxhaven, West Germany, had been blockaded for a day last week and French fishermen had blockaded their ports last year. "A blockade is one of the weapons open to fishermen, and is certainly in the minds of thousands of EEC sea fishing trade union members," Mr. Keenan said.

Fishermen saw "utter chaos" everywhere, with 90 per cent of the German fleet tied up because of failure to negotiate a reciprocal deal with Canada, plummeting fish prices in the UK from cheap imports, the French blockade, redundancies in Fleetwood and part of the inshore Scottish fleet tying up last year.

● UK fish imports, contrary to expectations, were only slightly greater last year than in 1979, according to the White Fish Authority. Quoting official trade figures the WFA said British buyers paid £266m for 296,000 tonnes of imported fish.

But the figure included a greater volume of fresh fish (up 13 per cent to 113,000 tonnes) with smaller quantities of frozen and cured products coming in.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved ahead on the London Metal Exchange, mainly reflecting the weakness of sterling against the dollar. After an uncertain opening, when three months dipped from £798 to £794, owing to the fall in gold, forward metal moved up strongly on currency considerations to touch a day's high of £807 before closing the late Kerb at £804.5. Turnover: 21,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	773.5-4	+18	780.5-1.5	+8
3 months	796.5-7	+10.2	803.5-4	+9
Settlem't	774	+18	—	
Cathodes				
Cash	761-2	+10	768-9	+6
3 months	781-.5	+9	787-9	+8
Settlem't	762	+18	—	......
U.S. Prod	—		*88.91	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £774, 73, 74, three months £797, 96, 97, 98, 97.5, 98, 99, 98, 97.5, 97. Cathodes, cash £762. Kerb: Wirebars, three months £798, 98.5, 98. Afternoon: Wirebars, three months £801, 800.5, 800, 800.5, 01, 2, 3, 2, 2.5, 3, 4, 4.5, 5, 4, 3.5, 3. Kerb: Wirebars, three months £803, 3.5, 4.

TIN—Easier following the decline on the Penang market. Forward standard metal opened at £6,010 but fell back to £5,985 on hedge selling. The fall in sterling encouraged a rally thereafter, with forward metal closing the late Kerb at £6,000. Turnover: 1,425 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5825-35	—12.5	5840-50	—30
3 months	5965-70	—15	5970-80	—40
Settlem't	5835	—15	—	......
Standard				
Cash	5825-35	—12.5	5840-50	—30
3 months	5965-70	—15	5970-80	—40
Settlem't	5835	—15	—	......
Straits E.	$1830.45	+0.08	—	......
New York	—	......		

Morning: Standard, cash £5,835, 30, three months £5,990, 80, 75, 70. Kerb: Standard, three months £5,970, 80, 90, 6,000. Afternoon: Standard, three months £6,070, 6,000, 5,980. Kerb: Standard, three months £5,980, 90, 6,000.

LEAD—Barely changed on balance. Three months opened firmer at £290, reflecting the trend in copper and the fall in sterling, but fell back to around £285 on hedge selling. Thereafter the price fluctuated around £287 before falling away to £285.5 in the afternoon rings owing to U.S. selling. A brief rally to £288, reflecting European interest quickly petered out in the face of the renewed American selling and three months closed the late Kerb at £286 amid widespread rumours—later confirmed—of U.S. producer price cuts. Turnover: 9,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	276.5-7	—5	278.5-9	+1.75
3 months	287-.5	—4.5	287.5-8	+.25
S'ment	277	—5	—	......
U.S. Spot	—	......	*34-7	......

Morning: Three months £287, 88, 89, 90, 88, 87, 88, 86.5. Kerb: Three months £287.5. Afternoon: Cash £278, 78.5, 79, 78.5, three months £288, 86, 85.5, 85, 86, 85.5, 86, 87, 87.5. Kerb: Three months £286, 85, 86, 87, 86.

ZINC—Little changed in quiet and routine trading with forward metal moving in a £2 range prior to closing the late Kerb at £322. Turnover: 13,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	308.5-9.5	—4.25	311-2	......
3 months	320-.5	—3.75	322-3	—.5
S'ment	309.5	—4	—	......
Primw'ts	—	......	*41.6	......

Morning: Three months £322, 31, 20.5, 20. Kerb: Three months £321. Afternoon: Three months £321, 22. Kerb: Three months £322.5, 22.

ALUMINIUM—Gained ground following the fall in sterling, which prompted short covering, fresh buying and physical interest and lifted three months from £610 to a day's high of £625 before a close of £623.5 on the late Kerb. Turnover: 6,775 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	596-7	+8.5	604.5	+11
3 months	614.5-5	+8.25	622.5-3	+8.25

Morning: Three months £613, 14, 14.5, 15. Afternoon: Three months £617, 18, 17, 18, 19, 20, 21, 22, 22.5, 23. Kerb: Three months £623, 22, 23, 23.5, 24, 25, 24, 23, 23.5, 23.

NICKEL—Higher on the decline in sterling which saw three months rise from £2,680 to £2,720 before a close of £2,702.5. Turnover: 384 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2730-40	+80	2735-50	+82.5
3 months	2695-700	+62.5	2710-5	+81.5

Morning: Three months £2,680, 70, 90, 85, 90, 95. Kerb: Three months £2,695, 90. Afternoon: Three months £2,700, 10, 08, 10. Kerb: Three months £2,720, 10, 2,700.

SILVER

Silver was fixed 5.85p an ounce lower for spot delivery in the London bullion market yesterday at 546.1p. U.S. equivalents of the fixing levels were: spot $12.855, down 29.5c; three-month $13.404, down 31.6c; six-month $13.985, down 34.7c; and 12-month $14.941, down 37.1c. The metal opened at 553-562p ($13.10-13.30) and closed at 549-558p ($12.90-13.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	546.10p	—5.85	563.0p	—10.5
3 months	564.10p	—6.15	571.25p	—10.2
6 months	585.40p	—6.5	—	......
12 months	619.20p	—7.2	—	......

LME—Turnover: 142 (140) lots of 10,000 ounces. Morning: Three months 564, 62, 63, 64, 63, 62, 63, 62.5. Kerbs: Three months 565. Afternoon: Three months 574, 74.5, 74, 73, 72, 71.5. Kerbs: Three months 574, 75, 74.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 346 tonnes. Fair uptake with renewed interest in Middle Eastern qualities. Occasional support came in African growths.

COCOA

Affected by weaker sterling cocoa futures remained steady in thin trading conditions, for prices to close with gains of £10. Physical business was very scarce and consumers for their part were reluctant to follow the higher prices, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	853-854	+7.5	857-843
May	879-880	+9.0	882-869
July	905-906	+10.0	909-894
Sept	926-927	+9.0	928-915
Dec	955-956	+9.0	957-944
March	979-980	+8.5	981-970
May	998-1000	+9.5	998-995

Sales: 2,694 (2,962) lots of 10 tonnes.
ICCO Futures—Daily price for Jan. 30 92.96 (93.37); 5-day average 93.22.

COFFEE

Marginal gains, which reflected a late recovery in New York, were maintained in light volume during a featureless morning session, reports Drexel Burnham Lambert. A lower sterling rate against the U.S. dollar inspired a flurry of activity as values partly filled recent chart gaps but overhead resistance eventually prevailed.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1003-05	+14.5	1005-992
March	1031-32	+17.0	1033-18
May	1042-45	+15.5	1044-35
July	1057-59	+11.5	1060-49
Sept	1063-65	+17.0	1063-52
Nov	1065-70	+12.0	1055
Jan	1060-90	—	—

Sales: 2,100 (1,941) lots of 5 tonnes.
ICO Indicator prices for January 30: (U.S. cents per pound). Other Mild Arabicas 123.67 (122.17); Robustas ICA 1976 120.00 (119.00); ICA 1968 120.25 (119.25). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crops opened 15p-20p higher. In very quiet trading values eased back due to lack of interest on wheat to close 15p-25p down. Barley saw underlying buying support which kept values about steady closing unchanged on the day. New crops saw little trade, values closing unchanged to 5p lower, reports Acli.

	WHEAT		BARLEY	
M'nth	Yestard'ys close	+ or —	Yesterday close	+ or —
Mar.	107.45	—0.25	97.45	......
May	111.65	—0.20	101.20	......
July	115.65	—0.15		......
Sept.	100.00	......	94.40	......
Nov.	103.75	—0.05	98.25	......
	107.60	......	101.85	......

Business done—Wheat: March 107.80-107.50, May 111.90-111.60, July 116.00-116.00, Sept. no trade, Nov. 103.80-103.75, Jan. 107.65-107.65. Sales: 51 lots of 100 tonnes. Barley: March 97.45-97.35, May 101.35-101.15, July, Sept., Nov., Jan. no trade. Sales: 51 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Mar. 109.75 transhipment east coast seller. U.S. Hard Winter 13½ per cent Feb. 103.15, March 104.20, April 105.70, May 105.80 transhipment east coast sellers. English Feed fob Feb. 109 east coast seller. Maize: S. African Yellow Feb./Mar. 86.50 seller. Barley: English Feed fob April/June 105.75 east coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: E. Midlands 108.00. Feed barley: E. Midlands 97.00, N. East 97.00, Scotland 93.00. The UK Monetary Coefficient for the week beginning Monday, February 9 (based on HGCA calculations, using three days exchange rates), is expected to decrease to 0.816.

TEA AUCTION

LONDON TEA AUCTION—49,975 packages were offered at yesterday's auction. There was strong general demand. Assams opened firm to dearer and closed often 5p-7p dearer. Sylhets often gained several pence. East Africans were firm to dearer. Central Africans closed sometimes 5p dearer. Ceylons were also mainly dearer. Quotations: Quality 120p per kilo (118p); Medium 101p (100p); Plain 67p (65p).

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing quietly steady, Lewis and Peat reported. The Malaysian market was closed.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	57.90-58.20	57.80-57.90	—
Apr.	59.20-59.50	58.80-59.30	—
Apr-Jne	60.50-60.60	60.20-60.30	60.60-60.30
Jly-Sept	65.50-65.90	65.40-65.50	65.90-62.90
Oct-Dec	68.80-68.90	68.40-66.60	68.90-65.89
Jan-Mar	69.80-69.90	69.40-69.50	69.90
Apl-Jne	72.30-73.00	72.40-72.90	—
Jly-Sept	75.30-76.00	75.40-75.50	75.70
Oct-Dec	78.30-79.00	78.50-78.80	78.80-78.60

Sales: 114 (287) at 15 tonnes, and none at 5 tonnes. Physical closing prices (buyer) were: Spot 56.50p (56.00p); March 61.00p (60.50p); April 61.50p (60.75p).

SOYABEAN MEAL

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	116.50-22.0	+2.50	—
April	121.50-21.5	+2.70	121.50-19.50
June	124.00-24.5	+2.50	124.50-25.00
August	125.80-28.2	+3	128.00-24.20
October	124.55-26.0	+2.05	—
December	125.00-28.0	+1.25	—
February	128.00-31.0	+1.50	—

Sales: 83 (82) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £246.00 (£242.00) tonne cif for Feb.-March shipments. White sugar daily price was £280.00 (£276.00).

No. 4 Con-tract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mar.	257.50-58.00	269.25-69.50	271.00-52.50
May	262.00-63.00	273.50-74.00	275.00-58.50
Aug	262.00-62.75	272.75-73.00	274.00-60.50
Oct	259.00-59.75	268.50-67.00	267.50-59.00
Jan	240.00-47.00	248.50-49.00	249.00-45.50
March	245.65-44.00	248.50-48.00	247.50-42.60
May	241.00-44.00	240.00-47.00	245.00-41.00

Sales: 12,651 (10,834) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £333.00 (£328.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 30: Daily price 24.27 (25.39); 15-day average 25.60 (27.01).

JUTE

JUTE—Feb./Mar. c and f Dundee: BWC £226, BWD £198, BTB £285, BTC £227, BTD £191. Antwerp: BWC $551, BWD $435, BTB $672, BTC $549, BTD $467. Jute goods c and f Dundee: Mar. 40 in 10 oz £953.3, 40 in 7½ oz £747.5. B Twills £27.45.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 353, 357, nil, nil; May 359, 363, nil, nil; Aug. 369, 375, nil, nil; Oct. 377, 391, nil, nil; Dec. 377, 384, 381, 10; June 380, 385, nil, nil; March 384, 388, nil, nil; May 385, 388, 386, 2; Aug. 385, 390, nil, nil. Sales 12.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. Mar. 493.0, 494.0, 494.0-491.0, 43; May 503.5, 504.0, 504.5-502.5, 67; July 513.0, 514.0, 514.3-512.5, 83; Oct. 507.0, 509.0, 509.0-508.0, 19; Dec. 512.0, 513.0, 513.0-512.0, 25; Mar. 518.0, 520.0, 519.0-518.1, 7; May 521.0, 524.0, 523.0-521.0, 6; July 525.0, 530.0, 528.0-528.0, 5. Sales 255.

BRADFORD—Prices are a little firmer. The idea that values in primary markets might soften after a sharp rise affecting Merinos has yet to be proved correct. Industry is not buoyant but there are signs of improvement and combing is maintaining a good rate of activity.

PRICE CHANGES

	Feb. 2 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1400/1450	......	$1450/480
Copper			
Cash w'bar	£781	+8	£805.75
3 mths	£803.75	+9	£828.75
Cash Cathode	£768.5	+6	£787.5
3 mths	£788	+8	£809.5
Gold troy oz	$496.5	—10	$599.5
Lead Cash	£278.75	+1.75	£315
3 mths	£287.75	+0.25	£325.75
Nickel	£3,226.57	......	£3,226.57
Freemkt	270/290c	......	275/290c
Platin'mtr'y oz	£202	......	£202
Freemkt	£194.60	+0.30	£243.40
Quicksilver†	$375/385	+5	$365/385
Silver troy oz	546.10p	—5.85	657.80p
3 mths	564.10p	—6.15	681.80p
Tin Cash	£5,845	—30	£6,287.5
3 mths	£5,975	—40	£6,367.5
Tungsten 22.04lb	$143.90	......	$141.97
Wolfrm 22.04 lb	$147/150	......	$145/148
Zinc Cash	£311.5	......	£332
3 mths	£322.5	—0.50	£344.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$600r	......	$620
Groundnut	‡	......	‡
Linseed Crude	£406	......	£453
Palm Malayan	$625	......	$635
Seeds			
Copra Philip	$480	+15	$420
Soyabean (U.S.)	$301	+3	$336
Grains			
Barley Futures	£101.80	......	£98.90
Maize			
French	‡	......	£119.75
Wheat			
No 1 Red Spg	‡		‡
No2 HardWint	£105.15	+1.15	£105.75
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£939	+5	£963
Future May	£879.5	+9	£910.5
Coffee Ft'May	£1031.5	+17	£1033.5
Cotton A.Index	97.50c	+0.20	100.80c
Rubber (kilo)	56.50p	+0.50	55.25p
Sugar (Raw)	£246	+4	£300
Woolt'ps 64s kl.	307p kilo	+3	294p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES—The market was very quiet, lacking direction, reports Coley and Harper. Closing prices: Feb. 42.50 —150 (not traded): April 56.50 +10 (high 56.70, low 56.30): Nov. 53.90 —10 (high 54.00, low 53.90). Turnover: 60 (39) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 68.4 to 72.8; Ulster hindquarters 79.0 to 83.5, forequarters 54.0 to 57.5; Eire hindquarters 79.0 to 83.0, forequarters 54.0 to 57.5. Veal: Dutch hinds and ends 106.5 to 109.5. Lamb: English small 58.0 to 66.0, medium 56.0 to 65.0, heavy 53.0 to 61.5; Imported frozen—NZ pl 56.5 to 57.0, pm 55.5 to 56.5. Pork: English, under 100 lbs 39.0 to 49.5, 100-120 lbs 39.5 to 48.0, 120-160 lbs 37.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets on February 2. GB—Cattle, 84.05p per kg lw (—0.37). UK—Sheep, 141.00p per kg est dcw (+1.28). GB—Pigs, 86.38p per kg lw (+0.32).

COVENT GARDEN—Prices for the bulk produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; Spania: Navels 48/54/60 3.80, 70 3.60, 80/90/100 3.50, 112 3.40, 135/150 3.00; Moroccan: Navels 56/123 3.50-5.00; Cypriot: Shamoutis 15 kg 42/112 3.00. Sours—Seville: 6.00. Lemons—Spania: trays 25/54 2.20-2.40; Cypriot: 10 kg 4.00-4.50; Greek: 2.40; Italian: 100/120 4.00-4.50; S. African: 80/100 6.50-7.00; Californian: 95/140 6.60-7.20; Jaffa: 105/125 6.00-6.20. Grapefruit—Cypriot: 20 kg 40/84 3.20-3.80; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.30, 64 3.95, 75 3.65. Pomelos—Jaffa: 10/18 6.50. Satsumas—Spania: 80/105/126 2.80, 144/154 2.50, 168 2.20, 192 2.00. Wilkings—Jaffa: 22 lb 80/90 4.20-4.30. Apples—French: Starkcrimson 40 lb 4.60-5.50, Golden Delicious 20 lb 72 2.40, 84 2.00, 40 lb 125/175 4.20-6.00, Granny Smith 40 lb 4.80-5.80, 20 lb 72 3.00, 84 2.40; Italian: 40 lb Romes 60/70 3.80, Granny Smith 19/20 lb 60/70 2.50; Hungarian: Starking 44 lb 6.00; Canadian: Red Delicious 135/160 9.00-9.50, McIntosh Reds 160/180 7.00; U.S.: Red Delicious 9.50-10.00; Belgian: 28 lb, per pound Cox's 0.10-0.12; Dutch: 28 lb per pound 0.11. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: Williams Bon Chretien 35 lb 8.00.

English Produce: Potatoes—per bag 1.60-2.20. Mushrooms—per pound 0.40-0.50. Apples—per pound Bramley's 0.05-0.12, Spartans 0.10-0.14, Cox's Orange Pippins 0.08-0.22, Russets 0.10-0.16, Spartans 0.08-0.14, Laxtons 0.05-0.08. Pears—per pound Conference 0.06-0.14, Comice 0.14-0.18. Cabbages—per bag 1.20, White cabbages 2.00. Cauliflowers—per 12, 2.50-3.00. Beetroots—per bag 1.60-2.00. Lettuces—per 12, round 2.00-2.40. Sprouts—per pound 0.06-0.07. Leeks—per 10 lb 1.50. Rhubarb—per pound forced 0.20-0.24. Carrots—per 28 lb 1.20-1.50. Onions—per bag 2.70-3.20. Celery—per pack, naked 16/18 1.50-1.80. Swedes—per 28 lb Devon 0.80-1.00. Parsnips—per 28 lb 1.40-1.80. Turnips—per 28 lb 1.20-1.40.

*

GRIMSBY FISH—Supply good, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.20, codlings £1.50-£3.00. Large haddock £5.20, small £2.50-£3.10, Best small plaice £3.00.

AMERICAN MARKETS

NEW YORK, February 2.

CONTINUED LIQUIDATION in precious metals, based on the easing of tensions in Poland carried price lower. Copper prices eased as trade buying was more than offset by commission house selling. Sugar sold off on reports of declining consumption. Cotton was on the defensive most of the day as trade buying virtually disappeared. Light dealer support carried coffee prices to mixed closes. Cocoa encountered considerable stop-loss selling and finished lower on the day. The livestock complex collapsed with major losses on a declining demand. Grains and soyabeans rallied again for good gains following through on the strength of last week, reported Heinold.

Potatoes (round whites)—March 141.0 (142.5), April 168.2-169.0 (167.9), Nov. 86.5. Sales: 2,641.

Sugar—No. 11: March 25.35-25.50 (26.79), May 26.00-26.05 (27.27), July 26.41, Sept. 25.98, Oct. 25.75, Jan. 23.50-23.80, March 23.60-24.00, May 23.60-23.90. Sales: 16,093.

Tin—637.0-643.0. (646.0-650.0).

CHICAGO, February 2.

Lard—Chicago loose 19.25 (same).

Live Cattle—Feb. 61.55-61.42 (62.40), April 64.85-64.75 (66.02), June 67.22, Aug. 68.12, Oct. 66.97, Dec. 68.45, Feb. 69.10.

Live Hogs—Feb. 43.67-43.82 (44.10), April 46.40-46.50 (47.35), June 51.25-51.40, July 52.50-52.40, Aug. 51.85, Oct. 50.75, Dec. 53.50, Feb. 55.60, April 54.90.

‡‡Maize—March 356½-356¾ (355½), May 366¼-366¾ (363¾), July 372¼-372½, Sept. 370, Dec. 366-366¾, March 375¾.

Pork Bellies—Feb. 52.80-52.95 (54.35), March 53.55-53.70 (55.40), May 55.70-55.85, July 57.72, Aug. 57.10, Feb. —.

Silver—Feb. 1260.0 (1314.0), March 1301.5 (1341.5), April 1318.5, June 1355.0, Aug. 1392.5, Oct. 1429.5, Dec. 1466.5, Feb. 1503.5, April 1540.5, June 1577.5, Aug. 1614.5, Oct. 1651.5, April 1762.5, June 1799.5, Aug. —.

†Soyabeans—March 734-733 (725½), May 759-760 (751½), July 780½-781, Aug. 787-787½, Sept. 791, Nov. 804½-804, Jan. 822, March 842½.

||Soyabean Meal—March 215.5-215.9 (212.81), May 223.5-223.3 (220.7), July 229.5-229.3, Aug. 232.0-232.5, Sept. 234.0-234.5, Oct. 233.0-234.0, Dec. 235.8-235.9, Jan. 237.0-237.2, March —, May —.

Soyabean Oil — March 23.10-23.15 (22.78), May 23.90-23.95 (23.57), July 24.75, Aug. 25.00-25.05, Sept. 25.25-25.30, Oct. 25.60, Dec. 26.30-26.35, Jan. 26.31, March 26.50-26.60, May —.

†Wheat—March 469-468½ (465¾), May 475-475½ (471½), July 463½-464, Sept. 476-476½, Dec. 499¾-497½, March 515.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, February 2.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Feb. $224, March $225, April $228, May $230. U.S. No Two Red Winter Feb. $214, March $216, April $221, May $226. U.S. No Two Northern Spring 14 per cent March $237, April/May $218, April/May $217, May $217, June $218, July $219.

Maize—Spot $170, afl $168, Feb. $167, March $169, April/June $173.75, July/Sept. $178, Oct./Dec. $174, Jan./March $185.

Soyabeans—U.S. Two Yellow Gulfports afl $286.50, Feb. $294, March $299, April $305.50, May $310, June $313.70, July $315.50, Aug. $317.60, Sept. $320.50, Oct. $321.20, Nov. $322, Dec. $328.90, Jan. $334.40. Argentina June/July $309.50 sellers.

Soyameal—44 per cent protein U.S afl $261.50, March $267/$267.50 traded, afl $262, Feb. $266, March $268, April $273, April/Sept. $286, Nov./March $300 sellers. Brazil Pellets March $283 traded, Jan. $282, Feb. $283, March $284, April $288, May $292, April/June $291.50, April/Sept. $294 sellers.

PARIS, February 2.

Cocoa (FFr per 100 kilos)—March 936/45, May 962/77, July 982, Sept. 1035/45, Dec. 1065/80, March 1090/1100. Sales at call 0.

Sugar (FFr per tonne)—March 3204/05, May 3136/40, July 3100/40, Aug. 3080/3105, Oct. 2990/3030, Nov. unquoted, Dec. 2800/50, March 2760/2820. Sales at call 0.

INDICES

FINANCIAL TIMES

Jan. 30	Jan. 29	Month ago	Year ago
251.88	249.87	263.19	308.83

(Base: July 1, 1952=100).

MOODY'S

Jan. 30	Jan. 29	Month ago	Year ago
1161.1	1153.0	1215.8	1453.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 30	Jan. 29	Month ago	Year ago
Spot	420.85	420.14	464.56	450.81
Fut'rs	439.83	439.57	442.71	459.34

(Average 1924-25-26=100).

REUTERS

Feb. 2	Jan. 30	M'nth ago	Year ago
1680.0	1668.1	1726.9	1816.8

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Interest rate optimism increases after PM's hint

Two tap stocks run out while third is activated

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 13
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23

* "New time" dealings may take place from 9 am two business days earlier.

The key influence in London stock markets yesterday was increased optimism about a cut in Minimum Lending Rate in or before the March 10 Budget. Some investors appeared to be convinced that a reduction might be made within the next fortnight following the Prime Minister's strong hint on the matter on Sunday; reflecting the possibility of an MLR cut, the pound yesterday gave further ground in sensitive trading.

Sizeable investment funds were committed to Government securities, particularly to last week's newcomer Exchequer Convertible 12 per cent 1985. Official supplies of the £1bn £40-paid stock, issued only last Wednesday, were exhausted at 40¾ and, at the same time, the authorities' remaining supplies of the special low-coupon Treasury 3 per cent 1985 "A" also ran out, at 72¾.

Longer-dated British Funds came in for aggressive domestic support and the long tap, issued early last month, was activated for the first time. The Government broker furnished supplies of the stock, Exchequer 12¼ per cent 1999 "B." at 20¼ and withdrew. Soon afterwards, Gilt-edged lost impetus on signs of indigestion following recent heavy purchases, and quotations subsequently reacted. The longs finally showed scattered gains ranging from ⅛ to ¼, after ½, while the shorts ended around 1/16 harder on balance.

Interest rate possibilities outweighed other factors, including continuing concern about UK manufacturing prospects, in the equity sectors. Revived small institutional demand took leading shares higher and, despite the absence later of follow-through support, many were able to hold their gains until the after-hours' business. A slow downdrift then gathered momentum to the extent that the FT Industrial Ordinary share index, 4.1 better at noon, closed only 1.3 up on the day at 467.6.

Traded options began the week disappointingly with only 762 contracts dealt—well below last week's daily average of 1,001. Lonrho continued to attract a good interest ahead of Thursday's preliminary figures and recorded 241 trades, while others to show well included Commercial Union and Racal with 124 and 103 deals respectively.

Banks dip and rally

Suggestions that the Chancellor might introduce a windfall profits tax in the next month's Budget caused marked dullness in the major clearers at first, but prices steadied around mid-session and closed above the worst. Barclays reacted to 388p before closing 11 off at 394p, while Lloyds fell to 322p before settling 14 cheaper on balance at 326p. Midland finished 7 down at 318p, after 310p, and NatWest 9 off at 370p, after 364p. Bank of Scotland shed 7 to 293p and Royal Bank of Scotland 2 to 90p. Among overseas banks, Standard and Chartered gave up 13 to 685p.

The Insurance sector had brokers Stewart Wrightson 8 higher at 200p on speculative interest.

Wines and Spirits made steady progress in quiet trading. Matthew Clark featured with a rise of 7 to 135p following news that Martell cognac, for which Clark holds the UK franchise, is to be sold through the Bass chain. Luis Gordon firmed a couple of pence to 41p, but adverse comment clipped that much from Amalgamated Distilled Products, 46p. Breweries also held a firmer bias. Wolverhampton and Dudley closed 4 better at 188p, while a useful two-way business was transacted in Belhaven which touched 36p before settling for a net gain of a penny at 34p.

Leading Building issues usually edged a few pence higher on sporadic support, while Barratt Developments, still on cheaper money hopes, rose 7 afresh to 167p. A Press mention helped French Kier to add 1½ to 43p, while Vibroplant firmed 10 to 200p, the Board's optimistic statement outweighing the sharply reduced interim profits.

ICI touched 294p before worries about further redundancies left the close a net 2 off at 290p. Fisons encountered late offerings and shed 5 to 122p.

Stores below best

Stores opened a shade harder, but support fell away during the afternoon and the leaders generally finished below the day's best. Secondary issues were again featured by selective speculative buying. Cantors "A" improved 4 more to 55p, while Kean and Scott rose the same amount to 42p. Call option business helped Bambers, a few pence dearer at 61p, while Austin Reed "A" continued to make progress and closed 3 up at 88p.

Early buying interest in the Electrical leaders petered out and most quotations drifted back from the enhanced levels to close a little easier on balance. Elsewhere, John Hadland stood out at 245p, up 20, following demand in a restricted market. Recent bid speculation faded in Muirhead which reacted 5 to 98p.

Engineering leaders maintained a quietly firm trend. GKN edged up to 144p before settling at 142p, a rise of 6 on balance, while John Brown, up 2 at 62½p, benefited from comment on the interim statement. Elsewhere, renewed investment demand in a market none too well supplied with stock left Haden Carrier 6 to the good at 196p. Alcan Aluminium revived with a rise of 4 at 52p. Davy Corporation put on 5 to 152p awaiting further developments in the bid situation. In contrast, Neepsend were dull at 15p, down 2, in smaller-priced issues along with United Wire, a similar amount cheaper at 32p.

In Foods, Robertson, up 62 last week on the Avana share exchange bid, currently worth 150p per share, shed 8 to 148p on a sell recommendation; Avana gave up 5 to 200p. Hilliards touched 203p in immediate response to the interim results, but drifted off to close 3 cheaper on balance at 195p. Still in the wake of the good annual results, Glass Glover added 4 afresh to 57p.

Among Hotels and Caterers, Ladbroke found support and rose 9 to 258p, while speculative support in a thin market lifted Prince of Wales 18 to 81p. Kennedy Brookes added 3 more to 89p in response to the excellent annual results.

BHP react

The miscellaneous industrial leaders followed the general trend with the majority closing below the best. Glaxo finished 4 dearer at 266p, after 268p, while Boots ended 2 firmer at 247p, after 249p. Elsewhere, news of the £163m rights issue prompted dullness in Broken Hill Proprietary which reacted 35 to 690p. Favourable weekend Press mention stimulated buying interest in Anglo American Asphalt, up 7½ at 37½p, while Berwick Timpo hardened 2 to 35p for a similar reason. Renewed buying lifted Crosby House 5 more to 145p. Gains of 8 were recorded in Powell Duffryn, 230p, BTR, 376p, and Royal Worcester, 230p. Sothebys firmed 13 to 440p and De La Rue 15 to 695p. Lesney met selling and gave up 3 to 16p, while Longton Industrial, still reflecting poor interim results, fell 3 more to 50p.

Associated Leisure put on 5 to 126p in response to favourable Press comment.

Motor Components again trended to higher levels. Dowty added 4 to 207p; the interim results are expected Thursday week. Among Distributors, a Press mention lifted Lookers 4 to 45p.

The prospect of Mr. Robert Maxwell mounting a rescue operation for the company prompted a steady trade in BPC, 4 up at 19p; a statement is expected later this week. Haynes Publishing, on the other hand, fell 7 to 126p in belated reaction to the interim profits setback. Newspapers usually ended with small gains, but News International put on 5 to 88p following union opposition to Mr. Rupert Murdoch's conditions for the purchase of The Times Newspapers.

A touch firmer at first on optimism about lower interest rates, leading Properties drifted off to close with little change, but Stock Conversion retained a gain of 7 at 332p. R. Green, still on takeover hopes, firmed a penny more to 92p.

Oils quietly dull

Inclined harder at the outset, Oil shares drifted back in the absence of support to close on a dull note. Among the more speculative exploration issues, Candecca fell 10 to 212p and KCA 9 to 166p, while rumours of a rights issue prompted a reaction of 11 to 134p in Woodside. Against the trend, Strata moved up 26 to 182p on reported U.S. buying after the quarterly drilling report.

Overseas Traders trended firmer, where altered. Lonrho attracted good support in front of Thursday's annual results and rose 5 at 102p, while asset injection hopes continued to buoy Jamaica Sugar, 3 up at 37p, after 40p.

The odd firm spot emerged among Financial Trusts. Press comment helped Centreway Trust, 15 up at 105p, while gains of around 20 were seen in English Association, 458p, and Mercantile House, 630p.

Demand in a restricted market lifted Walter Runciman 9 to 128p and Milford Docks 12 to 125p.

Golds easier

Mining markets continued to lose ground influenced by the further decline in the bullion price—finally $10 down at $496.50 an ounce.

South African Golds were marked down at the outset and drifted for most of the day before rallying towards the close on light buying from the U.S. and London. The Gold Mines index shed 1.9 to 291.3.

Heavyweights were generally a fraction firmer on balance, with Hartebeest ⅛ up at £25⅛ and Vaal Reefs ⅛ better at £32. On the other hand, President Brand met renewed selling and gave up ⅜ more to £16¼ and Kloof declined ⅜ to £13⅛.

In the cheaper-priced issues, ERGO rallied from 340p to close a net 3 easier at 360p while Grootvlei were finally 13 to the good at 318p, after 298p.

Financials lost ground across the board. In South Africans, GFSA fell £1⅛ to a 1980-81 low of £23⅛. "Johnnies" ½ to £27 and Gencor a further 25 to 625p.

The London issues drifted until the after-hours' trade when cheap buying prompted a minor rally.

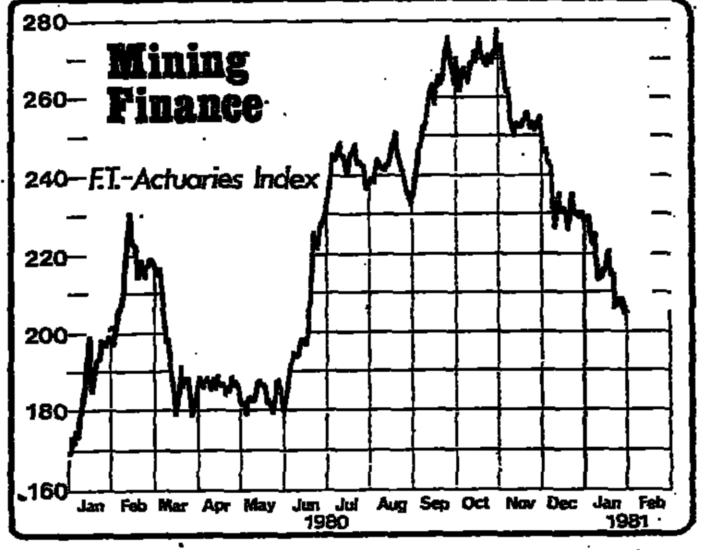
Losses ranging from 5 to 7 were common to Gold Fields, 448p, after 446p, RTZ, 377p, after 373p and Tanks, 243p.

Australians remained under pressure although selling was by no means heavy. Rumours of possible further rights issues, after the proposed BHP offer, left the market lower again with the exception of Strata Oil shareholders Haoma Gold and North West Mining; reports of U.S. buying lifted the latter 12 to 82p and the former 10 to 122p.

Among Golds, GMK dropped 10 to 350p, Poseidon 6 to 218p and North Kalgurli 4 to 58p.

North Broken Hill gave up 8 to 152p on further consideration of the sale by Gold Fields to EZ Industries of a near 10.5 per cent stake in Norths.

Elsewhere in the sector, Ashton Mining dropped 7 to 105p and Meekatharra 15 to 345p.



RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	36	1	57
Corpns. Dom. and Foreign Bonds	30	1	34
Industrials	342	165	884
Financial and Prop.	144	47	308
Oils	12	27	31
Plantations	4	1	18
Mines	35	72	57
Others	77	30	51
Totals	680	344	1,440

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
GEC	25p	8	615	− 2	620	326
Cons. Gold Fields	25p	6	448	− 5	678	373
Gestetner A	25p	6	77	—	84	58
NatWest Bank	£1	6	370	− 9	428	305
BPC	25p	5	19	+ 4	36½	15
Broken Hill Prop.	$A2	5	690	−35	850	585
Distillers	50p	5	187	—	235	178
GUS A	25p	5	480	+ 4	498	340
GKN	£1	5	142	+ 6	279	133
ICL	25p	5	45	− 2	196	43
Lonrho	25p	5	102	+ 5	120	72
Muirhead	25p	5	98	− 5	270	62
Plessey	50p	5	283	− 2	286	108
Racal Electronics	25p	5	322	—	370	175
Standard Chart'd	£1	5	665	−13	685	465

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22

For rate indications see end of Share Information Service

Call options were taken out in Lonrho, Bambers, BSG, Town and City Properties, Turner and Newall, Provident Finacial, GKN, ICI, Arthur Guinness, Tootal, Strata, Phicom, Caffyns, RHM, GRA, Bath and Portland Woodside and Distillers. Puts were done in Trusthouse Forte, ICI, Metal Closures and Metal Box, while doubles were arranged in Town and City Properties, P. and O. Deferred, FNFC, Racal, Lonrho, Duport and Marks and Spencer.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Feb. 2, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Jan. 30 Index No.	Thurs., Jan. 29 Index No.	Wed., Jan. 28 Index No.	Tues., Jan. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	288.33	+0.4	14.62	5.72	8.34	287.06	283.75	283.06	284.01	231.99
2	Building Materials (26)	255.86	+0.5	18.25	6.75	6.54	254.54	253.92	255.04	256.45	227.04
3	Contracting, Construction (26)	438.33	+1.4	20.86	5.80	5.76	432.21	429.40	430.40	429.24	352.44
4	Electricals (27)	956.56	−0.2	9.49	2.73	12.97	958.87	938.78	932.57	931.65	587.86
5	Engineering Contractors (11)	390.90	+1.5	15.25	6.62	8.36	384.97	382.88	384.95	389.16	285.42
6	Mechanical Engineering (71)	168.45	+0.7	17.37	7.90	7.20	167.28	166.16	165.09	166.00	160.72
8	Metals and Metal Forming (13)	132.73	+1.9	19.87	12.58	6.38	130.27	127.61	127.61	129.98	159.54
9	Motors (21)	86.31	−0.3	22.24	9.68	5.18	86.56	85.58	85.57	86.34	112.05
10	Other Industrial Materials (16)	288.72	+1.2	15.87	7.44	7.49	285.22	286.52	287.47	289.19	0.00
21	CONSUMER GROUP (198)	240.18	+0.4	15.87	6.58	7.64	239.15	238.37	237.59	238.60	216.09
22	Brewers and Distillers (20)	263.97	+0.4	17.66	6.93	6.71	262.91	264.70	263.32	268.77	250.06
25	Food Manufacturing (23)	216.24	+0.8	18.18	7.33	6.53	214.51	213.60	213.42	213.28	197.49
26	Food Retailing (14)	455.99	—	10.21	3.51	11.58	455.90	456.49	456.40	463.87	293.41
27	Health and Household Products (7)	257.62	+0.7	10.33	5.54	11.51	255.71	253.85	252.37	254.28	202.37
29	Leisure (22)	348.83	+0.4	16.03	6.56	7.69	347.53	346.11	348.88	348.56	296.39
32	Newspapers, Publishing (12)	428.96	+1.0	21.27	7.27	6.10	424.56	424.76	424.76	423.75	431.62
33	Packaging and Paper (15)	113.50	−0.1	28.32	10.70	4.09	113.67	112.97	112.66	113.15	127.93
34	Stores (44)	251.17	+0.3	11.85	5.01	11.05	250.41	248.44	246.94	245.20	215.50
35	Textiles (21)	125.80	+0.1	20.42	10.72	6.40	125.72	124.45	124.23	124.56	127.29
36	Tobaccos (3)	210.89	+0.7	27.22	11.04	4.18	209.39	209.39	206.86	209.39	212.53
39	Other Consumer (17)	233.20	+0.3	16.35	9.16	7.48	232.42	233.64	237.49	236.32	0.00
41	OTHER GROUPS (79)	211.15	+0.2	18.62	8.09	6.42	210.75	209.71	209.33	210.75	201.29
42	Chemicals (15)	274.86	−0.4	21.28	9.65	5.50	276.08	273.90	272.53	275.59	297.25
44	Office Equipment (6)	100.82	+0.2	18.46	8.24	6.43	100.66	99.75	99.80	100.94	116.68
45	Shipping and Transport (13)	542.35	+0.2	14.01	6.79	8.76	541.27	538.46	539.60	545.28	442.63
46	Miscellaneous (45)	258.11	+1.0	17.18	6.60	7.16	255.56	255.55	255.57	255.22	239.09
49	INDUSTRIAL GROUP (488)	253.27	+0.4	15.80	6.48	7.67	252.25	250.62	249.92	251.00	223.28
51	Oils (12)	881.25	−0.2	27.25	5.97	4.09	883.02	875.14	880.42	881.40	732.26
59	500 SHARE INDEX	302.96	+0.3	18.39	6.36	6.40	302.16	300.04	299.81	300.87	263.56
61	FINANCIAL GROUP (118)	239.33	−0.3	—	5.57	—	240.09	239.26	238.29	237.63	192.54
62	Banks (6)	232.71	−2.7	43.96	7.33	2.72	239.25	239.89	240.37	238.73	222.35
63	Discount Houses (10)	307.66	+1.1	—	5.85	—	304.36	303.50	304.65	301.83	239.66
64	Hire Purchase (5)	217.72	+0.5	10.44	4.71	12.63	216.54	210.14	209.55	208.74	179.56
65	Insurance (Life) (10)	257.69	+1.2	—	5.12	—	254.66	253.17	252.80	250.01	164.14
66	Insurance (Composite) (9)	152.72	+0.5	—	7.66	—	151.92	150.50	148.97	149.80	127.24
67	Insurance Brokers (9)	314.29	+0.6	14.51	7.37	9.43	312.44	311.51	310.59	307.74	282.95
68	Merchant Banks (13)	147.77	—	—	5.24	—	147.70	147.46	146.23	146.17	99.89
69	Property (45)	461.26	+0.2	3.22	2.68	43.14	460.55	459.65	456.85	457.24	351.26
70	Miscellaneous (11)	172.06	−0.8	15.94	5.38	7.97	173.43	173.13	172.74	171.13	127.73
71	Investment Trusts (109)	276.35	+0.2	—	5.48	—	275.78	275.15	275.90	274.62	215.85
81	Mining Finance (3)	204.90	−1.8	16.01	6.54	7.44	208.65	205.92	214.83	214.45	196.54
91	Overseas Traders (20)	430.03	+1.1	11.94	6.83	10.19	425.51	423.95	426.33	425.28	391.85
99	ALL-SHARE INDEX (750)	289.33	+0.1	—	6.18	—	288.97	287.20	287.21	287.67	247.30

FIXED INTEREST PRICE INDICES

	British Government	Mon. Feb. 2	Day's change %	Fri., Jan. 30	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.87	+0.07	107.79	—	0.89
2	5-15 years	109.77	+0.09	109.68	—	1.45
3	Over 15 years	114.20	+0.06	114.26	0.12	0.52
4	Irredeemables	128.78	—	128.78	—	0.00
5	All stocks	110.36	+0.07	110.32	0.04	0.91

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon. Feb. 2	Fri., Jan. 30	Year ago (approx.)
1	Low Coupons	5 years	11.59	11.61	12.52
2		15 years	12.27	12.26	12.52
3		25 years	12.36	12.35	12.52
4	Medium Coupons	5 years	13.38	13.39	14.84
5		15 years	13.82	13.83	14.14
6		25 years	13.60	13.59	14.05
7	High Coupons	5 years	13.33	13.36	15.31
8		15 years	14.06	14.06	14.64
9		25 years	13.82	13.82	14.32
10	Irredeemables		11.48	11.48	11.55

		Monday, Feb. 2 Index No.	Yield %	Friday Jan. 30	Thurs. Jan. 29	Wed. Jan. 28	Tues. Jan. 27	Mon. Jan. 26	Fri. Jan. 23	Thur. Jan. 22	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.17	†14.19	52.15	52.06	52.05	52.05	52.03	52.04	52.08	51.70
16	Investment Trust Prefs. (15)	50.69	13.35	50.69	50.69	50.83	50.65	51.35	51.35	51.35	48.09
17	Coml. and Indl. Prefs. (20)	68.04	13.81	68.04	67.92	68.17	68.10	68.10	68.10	68.10	61.87

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FINANCIAL TIMES STOCK INDICES

[illegible]

HIGHS AND LOWS

S.E. ACTIVITY

[illegible]

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (74)

[illegible]

NEW LOWS (28)

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 US$152.19

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a) (c) (g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

M.L.A. Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd.

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance Co. Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capifrex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Clewton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Continued on previous page

FT SHARE INFORMATION SERVICE

LOANS

Public Board and Ind.

Financial

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

94⅝	82¾	Aust. 5½pc '81-82	94⅝	+⅛	5.93	12.42
85¾	72½	Do. 6pc 1981-83	84¾	......	7.17	13.07
67¾	58	N.Z. 7¼pc 1988-92	64¾	......	11.31	13.51
82¾	72	Do. 7½pc '83-86	78¾	......	9.65	13.45
98	88	Sth. Africa 9½pc '79-81	98	+¼	9.94	15.96
160	95	S. Rhod. 2½pc Non-Ass.	121	......	—	—
50	31	Do. 3½pc 80-85 Assd.	47	......	7.77	23.60
32	20½	Do. 4½pc 87-92 Assd.	28xd	......	16.07	22.20
381	270	Zimbabwe Ann (£100pa)	365	......	—	24.81

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

10½	570p	Hawker Sid. Can.‖	882p	+82	96c	—	3.8
22¾	12¼	Hollinger $5	16¾	+⅛	$2.20	—	4.6
11¾	812p	Hudson's Bay ‖	885pxd	−5	$1.20	—	4.8
14¼	765p	Hud. B.Oil G. $2½	850p	−10	57.5c	—	2.4
21¾	11⅛	Imperial Oil‖	12½	−⅛	$1.40	—	3.9
14	765p	Inco‖	790p	+5	$US72c	—	3.8
565p	425p	Int. Nat. Gas $1	490p	+5	$1.00	—	7.2
495p	135p	Massey Ferg.‖	200p	......	—	—	—
200p	97p	Place Gas $1	105p	......	—	—	—
14¾	10½	Rio Algom	11¼	+½	$1.50	—	4.5
*21¾	14¼	Royal Bk.Can. $2	20⅜xd	+1/16	$2.88	—	4.9
27½	15¾	Seagram Co. C$1	23⅝	......	US$1.40	—	2.8
13¾	890p	Tor. Dom. Bk. $1	11⅝xd	+⅛	$1.52	—	4.5
10½	750p	Trans Can. Pipe	900p	......	$1.16	—	4.5

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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هكذا من الأصل

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Components

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Garages and Distributors

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Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.6
28	12	ACM 20c	16	–1	—	—	—
•199	46½	Bond Corp.	145	......	Q7.5c	1.9	2.6

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	153	+6	—	—	—
97	43	Barymin	43	–4	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
445	53	Colby Res. Corp.	260	+15	—	—	—
502	220	Cons. Murch. 10c.	220	......	tQ30c	1.8	7.8
180	75	††Hemerdon 10c.	77	......	—	—	—
225	36	Highwood Res.	165	+10	—	—	—
585	315	Northgate C$1	315	......	—	—	—
•486	322	R.T.Z.	373	–10	t16.0	3.2	6.1
£115	£95½	Do.9¾%Cv.Ln.'95-2000	£95½	–½	Q9½%	—	†10.3
138	91	††SPO Minerals 10p	136	+2	—	—	—
58	26	Sabina Inds. C$1.	37	+3	—	—	—
51	29	††SWCM 10p	34	......	—	—	—
650	411	Tara Exptn. $1	470	–20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......
Bertam	12	......
Bdg'wtr. Est. 50p	537	......
Craig & Rose £1	£11¼	......
Fife Forge	41	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	£20	......
Higsons Brew	70	......
Holt (Jos) 25p	360	......
I.O.M. Stm. £1	170	......
Pearce (C. H.)	685	+15

[illegible]

IRISH

Conv. 9% '80/82	£95⅝	......
Nat. 9¼% 84/89	£75¾	+½
Fin. 13% 97/02	£86¼	+½
Alliance Gas	58	......
Arnott	225	......
Carroll (P.J.)	78	......
Concrete Prods.	86	......
Heiton (Hldgs.)	32	......
Ins. Corp.	395	+35
Irish Ropes	40	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lofs"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¾
Burton	18	Mrks. & Sencr	9	Oils	
Cadburys	6	Midland Bank	32		
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	Mines	
G.U.S. 'A'	48	Thorn	28		
Guardian	32	Trust Houses	18	Charter Cons.	28
G.K.N.	16	Tube Invest.	18	Cons. Gold	45
Hawker Sidd	28	Unilever	50	Lonrho	10
House of Fraser	15	U.D.T.	4½	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Tuesday February 3 1981

Three still on course to leave Labour

By Elinor Goodman

LABOUR'S "Gang of Three" last night still seemed on course to leave the party despite a renewed attempt by Mr. Michael Foot, the Labour leader, to stop them.

After an hour-long private meeting with Mr. Foot and his deputy, Mr. Denis Healey, the three — Mrs. Shirley Williams, Mr. William Rodgers and Dr. David Owen — were having secret discussions with their colleagues in the Council for Social Democracy.

None of those involved was prepared to comment on the talks. But it seemed that Mr. Foot failed to persuade them to stop exploring the ground for a new party.

Mrs. Williams is therefore expected to go ahead with her plans to resign from the party's national executive shortly, and the council will probably publish details this week of what it claims is a mass support in the country for a breakaway party.

The three, who over the last few days have come under pressure from their colleagues to declare their intentions, went to tell Mr. Foot just how pessimistic they were about the state of the party. He is believed to have argued strongly that now was not the right time to abandon Labour as there was evidence that the party was prepared to unite against *extremism, and to have* asked what it would take to stop them leaving.

But nothing Mr. Foot said seems to have convinced the three that he could produce the kind of fundamental change in attitudes they believe is necessary.

This means they are likely to continue disengaging from the Labour Party. Since the Council was formed last week, it has gained such momentum that the original timetable may now be contracted and the final break come in March.

Yesterday, Granada Television published an opinion poll which cooled some of the euphoria surrounding the breakaway. The MORI poll showed that if the 11 MPs who signed the statement were to stand as Social Demo*crats they would lose their seats* in the next election.

Increasingly at Westminster it was assumed that a new party will be formed. The fear among some Left-wingers is that the party may be used as a vehicle for getting Social Democrats elected in the local government elections in May.

Peter Montagnon writes: Mr. Roy Jenkins is convinced the map of British politics was headed for a big change, he told a bankers' lunch in London yesterday.

Suggestions of a major realignment through the formation of a Social Democratic party have touched "a remarkable nerve of response," bringing in people who were previously uninterested in politics, he said.

That had made possible changes on a scale not seen for two generations, which could only be good for the economic and social health of the country.

Weather

UK TODAY

RAIN, followed by brighter weather and wintry showers moving SE. Windy.

N. Wales, W. Scotland, Central Highlands, N. Ireland, I. of Man
Brighter intervals, wintry showers. Strong winds. Max 5c (41F).

England and elsewhere
Cloudy, some heavy rain, becoming brighter with showers. Max 11C (52F).

Outlook: Sunny intervals, wintry showers. Cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	London	C	7	45
Algiers	F	13	55	L. Ang.†	—	—	—
Amsdm.	F	6	43	Luxmbg.	S	5	41
Athens	S	14	57	Luxor	S	20	68
Bahrain	S	18	64	Madrid	S	8	46
Barclna.	S	13	55	Majorca	S	14	57
Beirut	F	16	61	Malaga	F	13	55
Belfast	C	8	46	Malta	F	13	55
Belgrd.	S	10	50	Mchstr.	C	11	52
Berlin	S	7	45	Melbne.	S	35	95
Biarritz	C	11	52	Mx. C.†	—	—	—
Bmghm.	C	7	45	Milan	S	11	52
Blackp'l	R	9	48	Montrl.†	—	—	—
Bordx.	C	9	48	Moscow	F	−4	25
Boulgn.	F	7	45	Munich	S	7	45
Bristol	C	9	48	Nairobi	F	27	81
Brussels	S	9	48	Naples	S	15	59
Budpst.	S	8	46	Nwcstl.	F	10	50
Cairo	C	17	63	N York†	—	—	—
Cardiff	C	9	48	Nice	S	14	57
Chicg.†	—	—	—	Nicosia	S	15	59
Cologne	S	7	45	Oporto	S	11	52
Cpnhgn.	R	4	39	Oslo	F	7	45
Corfu	S	13	55	Paris	S	9	48
Dublin	R	9	48	Perth	S	26	79
Dbrvnk.	S	16	61	Prague	S	4	39
Ednbgh.	C	8	46	Reykjvk	C	3	37
Faro	S	13	55	Rhodes	S	16	61
Florence	S	11	52	Rio J'o†	—	—	—
Frankf't	F	−2	28	Rome	S	15	59
Funchal	F	19	66	Salzbrg.	S	6	43
Geneva	C	−3	27	S'cisco†	—	—	—
Gibrltr.	F	15	59	S'tiago	—	—	—
Glasgow	C	8	46	Stckhm.	S	7	45
G'nsey	F	8	46	Strasbg.	S	6	43
Helsinki	C	−1	30	Sydney	F	26	79
H. Kong	F	19	66	Tel Aviv	F	16	61
Innsbr'k	S	4	39	Tenerife	S	14	57
Invrnss.	F	7	45	Tokyo	S	8	46
I.o Man	R	9	48	T'rnto†	—	—	—
Istanbul	S	9	48	Tunis	C	11	52
Jersey	F	8	46	Valencia	S	14	57
Jo'burg	C	22	72	Venice	S	11	52
L. Plms.	S	18	64	Vienna	S	11	52
Lisbon	S	12	54	Zurich	C	−5	23
Locarno	S	11	52				

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

Western money safe in Polish investment freeze

BY LESLIE COLITT

POLAND'S biggest investment projects involving Western companies will not be halted by a recently announced Government freeze of 49 big industrial investments, economics officials said.

The largest Western project is *the troubled and already* much delayed $840m (£350m) project involving Massey Ferguson, the Canadian tractor and farm equipment maker, and Perkins Engines, its UK subsidiary.

The Ursus tractor works out*side Warsaw* will produce MF tractors and Perkins engines in Europe's largest integrated tractor factory. It was to have turned out *75,000* tractors this year, but the goal is not expected to be reached until 1985.

A $480m polyvinyl chloride (PVC) plant being built by a consortium headed by Petrocarbon of *the UK is also to be* completed but it too is considerably delayed. The Poles *say new negotiations* have started on repayments to "move forward" the payments schedule.

Western trade officials say Poland has already invested so heavily in the projects that it *has almost no choice* but to press ahead. The experiences of the U.S. and British Governments with Chrysler and Leyland, they note, are being repeated in Poland.

Similarly delayed is the fertiliser plant, being *built by* Creusot-Loire of France at Police. It will also be completed, the Polish officials say, on a "somewhat modified" scale.

A $250m Canadian pulp and paper mill in northern Poland is to be finished without any cuts in investments. But the *Poles say that,* because of the delays in paper production, the first repayments, which were *to have* been made last month, have been moved forward to six months after the plant's completion some time next year.

The largest investment project to be scrapped, according to the Polish officials, is the *second stage* expansion of the Huta Katowice steel mill in the Silesian capital. The major items there were to have been a Soviet blast furnace and some Western equipment for the plant.

Instead of Huta Katowice, the Nowa Huta steel works at Cracow are to be modernised and expanded.

The Skawina aluminium plant near Cracow is to close this year because of severe pollution *problems. A cellulose factory* at Jelenia Gora, in western Poland, has already been closed for environmental reasons.

Solidarity attacked, Page 2

Merchant ship yards face new cutback

By William Hall, Shipping Correspondent

BRITISH Shipbuilders may be forced further to reduce *capacity in its merchant ship* building yards unless orders increase soon.

At the present rate of ordering, the corporation will be unable to sustain its target annual output of 400,000 compensated gross registered tonnes (c.grt.). Austin and Pickersgill has plenty of work to mid-1982 but Govan Shipbuilders and Smiths Dock are running short.

British Shipbuilders reduced its annual merchant shipbuilding capacity by more than a third to 400,000 (c.grt). Last year British Shipbuilders produced 423,000 c.grt of merchant ships but only won orders for 287,000 c.grt of new ships.

As a result the orderbook fell by a quarter over the year to 443,000 c.grt—its lowest level ever. This will only give the merchant ship yards work for just over a year despite a £20m order for four SD 14s won by Austin and Pickersgill this year.

BRITISH SHIPBUILDERS MERCHANT SHIPS

	Output	New orders	Order book
	('000 compensated gross registered tonnes)		
1975	602	72	2,093
1976	671	392	1,476
1977	532	355	1,228
1978	533	246	825
1979	455	246	590
1980	423	287	443

The strength of sterling and a reduction in Government subsidy is making it difficult for British Shipbuilders to compete in world markets.

Scott Lithgow is offsetting the decline in merchant ship *orders by concentrating on off-*shore work and recently captured a £50m order for a semi-submersible drilling rig for BP. Cammell Laird, once an important merchant shipbuilder, depends on naval *contracts for most of its work.*

British Shipbuilders' problems in its merchant ship yards have been cushioned by the upsurge in naval orders over the last couple of years. At £1.78bn the value of the naval order book is three times that of the merchant ship order book.

However, British Shipbuilders only won £90m of naval orders in 1980 and the slowdown in orders from the Royal Navy could soon start to affect employment.

Vosper Thornycroft orders, Page 6

TUC seeks support on policy call

BY CHRISTIAN TYLER, LABOUR EDITOR

AN ATTEMPT to canvass public support for complete reversal of present economic policies was launched by the TUC yesterday with the publication of its economic review for 1981.

Accusing the Government of "failed monetarism" and of wasting public funds and North Sea revenues on financing unemployment, it called for a Budgetary stimulus of £6.2bn and an interventionist programme of public works and public spending in which trade unions would play a part.

Mrs. Margaret Thatcher's remarks at the week-end and the outcome of a TUC meeting yesterday with Mr. James Prior, Employment Secretary, suggest that the TUC's alternative economic strategy will get short *shrift at tomorrow's meeting of* the National Economic Development Council when the Prime Minister will be in the chair.

But Mr. Len Murray, TUC general secretary, said yesterday he still hoped for tacit support from the Confederation of British Industry for elements of the TUC's programme. "We *have got the courage of their* convictions," he said, introducing what he described as a plan to rebuild the British economy.

The TUC says its Budgetary proposals are designed to prevent another 1m becoming unemployed in the next year. It claims the "underlying" *unemployment figure is nearly* 4m and that registered unemployment will rise to over 3m by the year-end. Unemployment was costing £17bn in lost output.

Its plan calls for a North Sea fund to channel oil and gas revenues into economic growth, public sector capital projects *in housing, services, high tech*nology and the energy industries, a National Investment Bank funded by £2bn of oil revenues and pension fund money, and a new and stronger National Enterprise Board.

The TUC identifies itself with similar demands coming from Continental trade unions, *and calls for international* action to recycle the Organisation of Petroleum Exporting Countries' surpluses for third world development. It also asks for selective, temporary import controls.

Mr. Murray said the programme would be financed out of the saving on unemployment benefit, the North Sea, cuts in defence expenditure, and a more progressive tax system, including a wealth tax.

The review makes no mention of the other side of a planned economy — controls on *prices and incomes. This is* seen as politically inopportune inside the trade union movement, but the subject is due to be discussed by TUC and Labour Party leaders, along with the industrial planning aspects of the TUC's review.

TUC call for boost to industry Page 8

J F Nash to hive off Reliant

BY CHRISTINE MOIR

J. F. NASH SECURITIES, an industrial conglomerate, is *proposing to hive-off* as a separate company its Reliant Motor manufacturing subsidiary, which builds Scimitar cars at the luxury end of the market and the Robin three-wheeled model at the other.

The move, made possible by tax changes introduced in last year's Finance Act to help companies wanting to "de-merge," comes as Reliant has plunged into losses.

Reliant, which was acquired by Nash in 1977 from Standard Chartered Bank which had inherited it with the Hodge *Group,* contributed nearly half Nash's £568,000 pre-tax profits in the year to September.

Even then, however, the recession had begun to bite and redundancies, contractions and short-time working had been introduced.

Since then sales have continued to decline, with the *Robin* model *joining* Scimitar in the slump. The first three weeks of January "were the worst in the company's history," Mr. John Nash, the chairman, said yesterday. As a result *Nash is forecasting pre-taxes* losses of £700,000 for Reliant in the current year.

This forecast depends on assumptions that interest rates will come down by 2 per cent during the period and that new *car registrations in Reliant's* sectors will drop by no more than 20 per cent, with Reliant's share remaining static.

Nash shareholders are warned that Reliant is unlikely to pay dividends for at least two years but are recommended to accept the de-merger proposals as "in their interests" by Capel-Cure Myers, the company's stockbrokers.

The split, which involves shareholders receiving 130 Reliant shares by way of a dividend for every 100 Nash, will allow them to decide whether they want to remain in the British motor industry, the de-merger documents state.

The indications are that the *new shares will be able to be* sold on the Unlisted Securities Market once shareholder approval (a formality since the Nash family owns 51 per cent) and court authorisation is obtained.

This could be completed by about mid-April. Meanwhile, Nash intends to look for acquisitions in the packaging, light engineering and brick-making companies which remain.

No forecast has been made for their trading prospects, but shareholders are warned that the interim dividend will be reduced and no commitment has been made over the final dividend. Last year Nash paid out its entire *earnings per share in* dividends.

Shareholders are also warned that it is not possible to put a value on the new classes of shares they will hold although it is "likely" they will have a *combined market value* "similar" to that of the present Nash.

Nash shares did not move yesterday; at 53p the market price values Nash at £2.56m.

Net tangible assets before the *split are said to be* £5.13m. Afterwards Nash would still have £2.44m of net assets.

Details, Page 19

Petrofina Canada sale move

BY ROBERT GIBBENS IN MONTREAL AND GILES MERRITT IN BRUSSELS

PETROFINA, the Belgian oil group, is negotiating the sale of a 51 per cent stake in Petrofina Canada to Petro-Canada, the Canadian government-owned company through which *Ottawa is seeking to increase* its control over the industry to 50 per cent by 1990.

Although Petrofina said yesterday that a number of important matters remained to be resolved, it confirmed that discussions were taking place around a price of C$1.46bn (£515m). This would value Petrofina Canada 36 per cent *above the market capitalisation* of C$1.07bn on Friday, when the shares were suspended.

Under the terms understood to have been discussed, Petrofina would retain about 20 per cent of Petrofina Canada, whose interests include a refinery in Montreal, marketing networks for oil products in Eastern Canada, oil and gas production in Western Canada and small stakes in two of the projects for refining synthetic crude from tar sands in Alberta.

Petrofina, Belgium's largest industrial company, with sales in 1979 of BFr 280bn (£3.5bn), recently announced both a 13 per cent rise in profits to BFr 8.3bn (£133m) and a 60 per cent increase in its projected investment this year.

The company's decision to dis*cuss relinquishing control* of Petrofina Canada is thought in Brussels to reflect its growing involvement in the North Sea, which has steadily replaced Canada as its main source of crude oil in recent years.

For the Canadian Government, acquisition of Petrofina Canada would mark a major step towards implementing a policy of "Canadianisation" of an oil industry that has run into considerable criticism.

International Company News, Page 20

Commercial Bank of Wales must alter title

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

COMMERCIAL BANK of Wales, the chairman of which is Sir Julian Hodge with shareholders including Mr. James Callaghan, the former *Prime Minister,* has been told by the Bank of England not to describe itself as a bank.

The company, formed in 1972, has been granted a licence to take deposits under the Banking Act, 1979. This means that it must remove the word "bank" from its title and avoid describing itself as carrying on a banking business.

The Bank of England decision, not unexpected in the City, was given to the board of Commercial Bank of Wales on Friday. Mr. Malcolm Thomas, *the chief executive, said* yesterday that the company would appeal to a special tribunal in an effort to reverse the decision.

"Although this decision enables present activities to continue and relations with customers will remain unchanged, the future progress of the bank will have to overcome some *disadvantages* and will be hindered unless it is recognised as a bank," the company said in a statement.

It went on to say that the company's name was "now a household word" in Wales.

Mr. Thomas disclosed that the Bank of England had turned *down the application for bank*ing partly because Commercial Bank of Wales had not a sufficient range of banking services, and partly on the ground that it had not achieved sufficient reputation and standing in the banking community.

Mr. Callaghan has been a director of Commercial Bank of Wales in the past. Mr. Thomas said last night that Mr. and Mrs. Callaghan were still shareholders.

Continued from Page 1

Sterling

against the French franc in the European Monetary System.

Sterling's overall weakness was underlined by a sharp fall in its trade-weighted index, published by the Bank of England yesterday in a new form.

Based on the average level for 1975=100, and with the currency weighting re-worked to reduce the importance of the dollar, the index fell to 104.0 from 105.2 on Friday.

The dollar was also slightly weaker against the Swiss franc at SwFr 1.9210 (SwFr 1.9300) and against the yen at Y203.10 (Y206.70).

Continued from Page 1

Subsidy

Steel's £6.5m bill was £2 more than would be paid by competitors on the Continent. BSC too, he claimed, was using its *dominant position to drive* up the price of scrap—the raw material used in mini mills operated by the private sector producers.

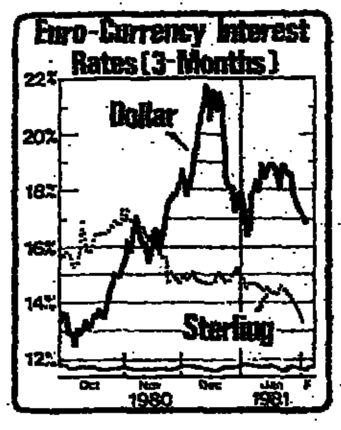
The company's strictures against the pricing policies of *State-owned groups are directed* at producers in Belgium, France and Italy as well as BSC. Importers had been able over the past year to take advantage of the high level of sterling, Mr. Sundt pointed out, and import penetration in the sectors where Manchester Steel operated had been rising.

The company has joined the *recently formed association of* small independent steel producers in Europe.

THE LEX COLUMN

Money markets in expectant mood

Index rose 1.3 to 467.6



The City of London was split yesterday between those who thought Minimum Lending Rate will come down this week and those who more cautiously considered the Government will *wait another five weeks until* the Budget. Of course, it is perfectly possible that there could be two cuts, and certainly the money market had gone a long way by yesterday to discounting an early fall of a point in MLR. Tightness at the very short end reflects traders' efforts to buy longer paper, and at the three-month period sterling CDs are *new yielding* under 13¼ per cent, against 14 per cent a week ago.

Remaining doubts centre around the January banking figures, due out next Tuesday—on some views these could still indicate a rise in sterling *M3* in the range of ½ to 1 per cent. More cynically, it is suggested *that* the Prime Minister's success in talking down sterling yesterday reduces the need for action. However, the worries early last month that the tax season was proving unproductive have faded recently as *evidence has mounted of a* late surge in payments to the Exchequer. Although December was a bad month for tax receipts, January as a whole appears to have matched last year.

With lower interest rates in the air, the gilt-edged market gobbled up the remains of the two short taps—the Convertible 12 per cent 1985 and Treasury 3 per cent 1985 "A." But there was some disappointment that *all applications were satisfied* in full, and enthusiasm waned, although there was a little nibbling at the long tap Exchequer 12¼ per cent 1999 "B" which was activated for the first time.

BHP

Friday's news of the jumbo A$335m rights issue from Broken Hill Proprietary — coupled with speculation that *Woodside may be waiting in the* wings with yet another issue—has added to the recent gloom on the Australian stock exchange. By Monday night, the Australian All-Ordinaries Index was 11 per cent down on its *levels of early January.*

BHP is in no immediate need of the money—long term gearing at the last balance sheet was the lowest for six years—but it has a number of very large mineral-related projects cur*rently entering the development* stage. Capital spending is running at around $400m a year and rising, so the group has decided to seize the chance of beefing up its equity base.

The short term prospects, though, are not all that bright and BHP could just be showing the early symptoms of what might be called the English disease. The industrial unrest which knocked earnings for six in the second half of 1979-80 has not all been resolved in the current year. And the strength of the Australian dollar, together with world recession, is squeezing the steel business. Exports have fallen from over 15 per cent of output to under 10 per cent, and imports from South East Asia have been undercutting BHP's prices by as much as 15 per cent.

The interim figures are due at the end of next week, and although they should be well up on the $69.5m earned in the depressed second half of last year, they are unlikely to match the $147.5m earned in the first six months. The prospective yield is just 2¼ per cent ex *rights, a rights issue of* this size — easily the biggest ever seen in Australia—will take some swallowing.

Bank tax

Clearing bankers seem resigned to an extra impost on their profits in next month's Budget — as does the stock market, which marked down the shares across the board yesterday. The proposal to tax the banks' "windfall" profits caused by high interest rates has been floated at least twice in the last year—sinking each time. But even though bank profits probably fell last year and capital adequacy ratios are under pressure, this time the Government is even more eager for revenue to massage next year's PSBR down to a presentable £10bn or so.

Any new impost is unlikely to take the form of an excess profits tax — which the banks would be able to circumvent by creating extra provisions. Such a tax could even create an incentive for the banks to pull the rug from industrial companies in trouble which they are now supporting. Instead, the tax *may take the form of an arbi*trary levy on current accounts. This would be a one-off (and retrospective) device in the first instance, though when Governments have found a source of revenue in the past *they have seldom resisted* the temptation to resort to it again. The proposed yield is £400m, of which the four major clearers would be responsible for about £250m.

The four major clearers are *facing* rather lower pre-tax profits for last year anyway, with bad debt provisions rising from £118m to about £400m. Meanwhile their balance sheets have grown by around a fifth. According to Messel, on this *basis* retentions will be a bare 10 per cent of net worth in 1981, and the extra impost would reduce the proportion to 6 or 7 per cent. The free capital ratio, on average, will decline from 4.6 to 4.3 per cent. While the *banks can absorb this, it will* put a damper on their expansionary ambitions.

The decision remains finely balanced, and the Bank of England will once again be using all its influence to ward off the move.

Reliant

Reliant Motor will scarcely be the healthiest company to have been launched on to the unlisted securities market, following the proposed hive-off by J. F. Nash. Prospective pre-tax losses of £700,000, in the year to September, will chip away at net worth of £2.7m while overdrafts are £1.96m and rising *(though cash would not be quite* so short if Reliant were not still lending £0.6m to other Nash Group companies). At least, Nash shareholders are told, they will own "a direct stake in the British motor industry."

But whatever the merits of giving shareholders "more flexibility in pursuing their particular investment objectives" a significant motive may well have been to prevent Reliant's losses from overwhelming Nash's profits this year. Now Nash will be able to pay a dividend, albeit a reduced one. As for Reliant, it starts with assets of almost 50p a share, but the opening price is expected to be no higher than the 5p to 10p range.

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